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AZ CORP COMMISSION
DOCKET CONTROL

Transcript Exhibit(s)

Docket #(s): W-022594-13-0138

W-01303A-13-0138

Exhibit #: A1, A2, S1, S2

Arizona Corporation Commission

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SEP - 6 2013

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Marta T. Hetzer
Administrator/Owner

Suite 502
2200 North Central Avenue
Phoenix, AZ 85004-1481
MAIN (602) 274-9944
FAX (602) 277-4264

To: Docket Control

Date: September 6, 2013

Re: North Mohave Valley Corporation
W-02259A-13-0138
Evidentiary Hearing

STATUS OF ORIGINAL EXHIBITS

FILED WITH DOCKET CONTROL

North Mohave Valley Corporation (A Exhibits)

A-1, A-2

Staff (S Exhibits)

S-1, S-2

LATE-FILED EXHIBITS

North Mohave Valley Corporation (A Exhibits)

A-3

Copy to:

Marc E. Stern, Administrative Law Judge
Jamie Kelley, Esq. – North Mohave Valley Corporation
Charles Hains, Esq., Staff

ORIGINAL NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
CHAIRMAN

2013 MAY 17 P 1:46

GARY PIERCE
COMMISSIONER

AZ CORP COMMISSION
DOCKET CONTROL

BRENDA BURNS
COMMISSIONER

Arizona Corporation Commission
DOCKETED

SUSAN BITTER SMITH
COMMISSIONER

MAY 17 2013

BOB BURNS
COMMISSIONER

DOCKETED BY	
<i>W</i>	<i>NR</i>

IN THE MATTER OF THE JOINT
APPLICATION OF NORTH MOHAVE
VALLEY CORPORATION AND EPCOR
WATER ARIZONA INC. FOR APPROVAL OF
THE SALE OF ASSETS AND TRANSFER OF
CERTIFICATE OF CONVENIENCE AND
NECESSITY

DOCKET NO. W-02259A-13-0138

DOCKET NO. W-01303A-13-0138

APPLICATION

North Mohave Valley Corporation ("NMVC") and EPCOR Water Arizona Inc. ("EWAZ") (together, the "Applicants") request approval from the Arizona Corporation Commission ("Commission"), pursuant to A.R.S. § 40-285 and A.A.C. R14-2-402, of the sale of NMVC's utility system, including the transfer of NMVC's Certificate of Convenience and Necessity ("CC&N") and its customers to EWAZ.

I. Introduction

Approval of this Application is in the public interest – it will benefit the Applicants' customers in several ways and will have no adverse effects. NMVC is a small water utility located adjacent to EWAZ's Mohave Water District. See Exhibit A. NMVC's owners have been operating the water company for more than 30 years, but are now ready to divest. NMVC's owners would like to see its customers continue to be served by a well-managed water utility with continued good water quality, service reliability, and customer service.

EXHIBIT

A-1

ADMITTED

1 Due to its adjacency and size in the area, EWAZ is in the best position to serve NMVC's
2 customers efficiently and reliably. Immediately following the closing of the acquisition by
3 EWAZ, NMVC's former customers will continue to receive water utility service at rates
4 equal to NMVC's current tariffed rates and EWAZ will serve the former NMVC customers
5 as part of a separate North Mohave water district similar to EWAZ's other eight water
6 districts.

7 **II. Background**

8 NMVC is an Arizona public service corporation, authorized to provide water utility
9 service within Bullhead City, Arizona under a CC&N granted in Commission Decisions
10 Nos. 46690, 54285, 57989, and 57992. NMVC currently serves 2,000 connections and
11 approximately 5,000 users in its existing service area of approximately six square miles.
12 NMVC's current water system consists of eight wells, with a total capacity of 1,572 gallons
13 per minute; seven storage tanks, with a combined capacity of 2.5 million gallons; three
14 booster pump stations; and a distribution system. NMVC's contact information is as
15 follows:

16 Address: 3640 Highway 95, Suite 130
17 Bullhead City, AZ 86442-4335

18 Telephone number: (928) 763-5655

19 Management Contact: John McCormick

20 NMVC's Annual Report to the Commission for 2012 is attached as Exhibit B. A copy of
21 NMVC's Certificate of Good Standing is attached as Exhibit C. There are no customer
22 complaints against NMVC pending with the Commission and no water quality issues with
23 the Arizona Department of Environmental Quality.

24 EWAZ is an Arizona public service corporation, authorized to provide water service
25 in eight districts in Arizona. Among the water districts operated by EWAZ is the Mohave
26 Water District, located primarily just south of NMVC's certificated service area. A map
showing EWAZ's Mohave Water District in relation to NMVC's service area is attached as

1 Exhibit A. EWAZ currently serves over 123,000 water customers throughout Arizona,
2 including approximately 17,000 in its Mohave Water District. For this Application,
3 EWAZ's contact information is as follows:

4 Address: 2355 W. Pinnacle Peak Road; Suite 300
5 Phoenix, AZ 85027

6 Telephone number: (623) 445-2427

7 Management Contact: Troy Day/Martin Stanek/Tom Broderick

8 Portions of EWAZ's Annual Report to the Commission for 2012, including the Balance
9 Sheet and Comparative Statement of Income and Expense, are³ attached as Exhibit D. A
10 copy of EWAZ's Certificate of Good Standing is attached as Exhibit E.

11 NMVC has agreed to sell, and EWAZ has agreed to buy, all of NMVC's assets
12 necessary for the operation of NMVC's utility system (the "Transaction"). NMVC's most
13 significant assets are its water system, associated real property, and the permits, certificates,
14 and other approvals which grant NMVC the authority to operate its system, including its
15 CC&N. All customer security deposits, developer deposits, and prepayments under any
16 line extension agreements held by NMVC will be transferred to EWAZ as part of the
17 Transaction. In addition, EWAZ will assume the refunding obligations, if any, for these
18 deposits and prepayments.

19 The Applicants signed their agreement on April 19, 2013, and plan to close the
20 Transaction within 30 days after the Commission's approval of this Application. EWAZ
21 will pay the full purchase price in cash. At close of the transaction, NMVC will receive a
22 payment in excess of rate base by ten percent. EWAZ requests that the Commission find
23 this payment to be in the public interest for the reason that it causes and supports necessary
24 Arizona water industry consolidation. EWAZ requests the Commission approve, in
25 principle, in this application, recovery of the ten percent payment and a return on the
26 payment in future rates for EWAZ's North Mohave District. The exact quantification of

1 the ten percent payment for ratemaking purposes would occur in the new North Mohave
2 District's next rate case.

3 The proposed Transaction is not expected to affect any other utility.

4 **III. Benefits of the Transaction**

5 Approval of this Application will benefit the customers of both companies. The
6 proximity of the two water systems presents the opportunity for present and future
7 customers within those service areas to benefit from operational synergies. NMVC's
8 owners are determined to sell, and no other buyer would be able to provide this type of
9 synergistic opportunity for the region.

10 The Transaction will provide additional benefits to NMVC's customers that are
11 unrelated to the proximity of the two water systems. NMVC's customers will also benefit
12 from in-house water utility expertise and resources afforded by EWAZ ownership.
13 EWAZ's much larger size naturally affords it access to broader in-house utility expertise
14 and greater resources than are available to NMVC. For example, EWAZ intends to
15 implement various industry best operating practices not currently economically feasible for
16 the smaller NMVC. EWAZ also uses various sophisticated maintenance and management
17 systems such as maintenance management, environmental and water quality compliance
18 management, hydraulic modeling, and GIS systems. All these support resources will be
19 deployed in support of the NMVC system to provide reliable and high quality service to
20 customers. These customers will also be integrated into EWAZ's customer service, billing,
21 and other systems.

22 NMVC's customers will also benefit from EWAZ's financial strength. EWAZ's
23 financial strength will be a significant benefit, in part, because its cost of long-term debt is
24 relatively low. EWAZ also has the financial resources to finance future capital and expense
25 requirements including those that may be required by governmental entities to comply with
26 environmental laws and regulations.

1 The Transaction will benefit customers in EWAZ's Mohave Water District as well.
2 In addition to the existing, small capacity emergency interconnect between the two systems,
3 EWAZ expects to construct a more robust interconnection between them. As a result,
4 customers in EWAZ's Mohave Water District are expected to benefit from the deferral or
5 avoidance of water production capital improvement costs that otherwise will be incurred to
6 provide redundant water supply that can be provided by NMVC's system. NMVC's
7 customers may also benefit from the new interconnection in emergency situations.

8 NMVC has not had a rate increase since 1997 and EWAZ is not seeking, as part of
9 this application, to change any of the rates paid by NMVC's customers. Currently, EWAZ
10 does not expect to file a rate case for NMVC for at least twelve months after the close of
11 the Transaction. However, NMVC has represented to EWAZ that, as of December 31,
12 2012, its regulatory rate base was \$2,137,020. For purposes of establishing a baseline for
13 NMVC's rate base in future rate cases, the Applicants ask the Commission to confirm that
14 NMVC's rate base as of December 31, 2012, was \$2,137,020.

15 **IV. Prayer for Relief**

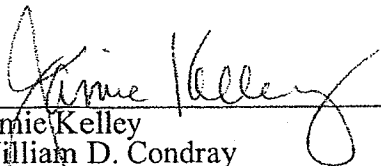
16 The Applicants respectfully request that the Commission approve the sale of
17 NMVC's assets to EWAZ and the transfer of NMVC's CC&N to EWAZ pursuant to
18 A.R.S. § 40-285 and A.A.C. R14-2-402.

19 The Applicants also respectfully request that the Commission confirm that NMVC's
20 rate base as of December 31, 2012 was \$2,137,020.

21 Finally, EWAZ respectfully requests that the Commission find the additional ten
22 percent of rate base payment to be in the public interest and to approve, in principle, rate
23 recovery of and on this payment to occur in North Mohave's next rate case.
24
25
26

1 RESPECTFULLY SUBMITTED this 17th day of May, 2013.

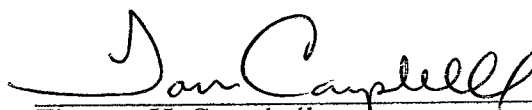
2 KELLEY MOSS PLLC

3 
4 _____

5 Jamie Kelley
6 William D. Condray
7 2031 Highway 95
8 Bullhead City, AZ 86442
9 P: (928) 763-6969

10 Attorneys for North Mohave Valley Corporation
11 and

12 LEWIS AND ROCA LLP

13 
14 _____

15 Thomas H. Campbell
16 Matthew Bingham
17 40 North Central Avenue
18 Phoenix, AZ 85004
19 P: (602) 262-5311

20 Attorneys for EPCOR Water Arizona Inc.
21
22
23
24
25
26

1 ORIGINAL and thirteen (13) copies
2 of the foregoing filed this 17th day
3 of May, 2013, with:

4 The Arizona Corporation Commission
5 Utilities Division – Docket Control
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 Copy of the foregoing hand-delivered
9 this 17th day of May, 2013, to:

10 Lyn Farmer, Esq.
11 Chief Administrative Law Judge
12 Hearing Division
13 Arizona Corporation Commission
14 1200 W. Washington Street
15 Phoenix, Arizona 85007

16 Janice Alward, Esq.
17 Chief Counsel, Legal Division
18 Arizona Corporation Commission
19 1200 W. Washington Street
20 Phoenix, Arizona 85007

21 Mr. Steven M. Olea, Director
22 Utilities Division
23 Arizona Corporation Commission
24 1200 W. Washington Street
25 Phoenix, Arizona 85007

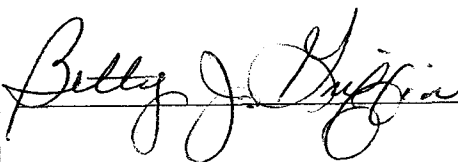
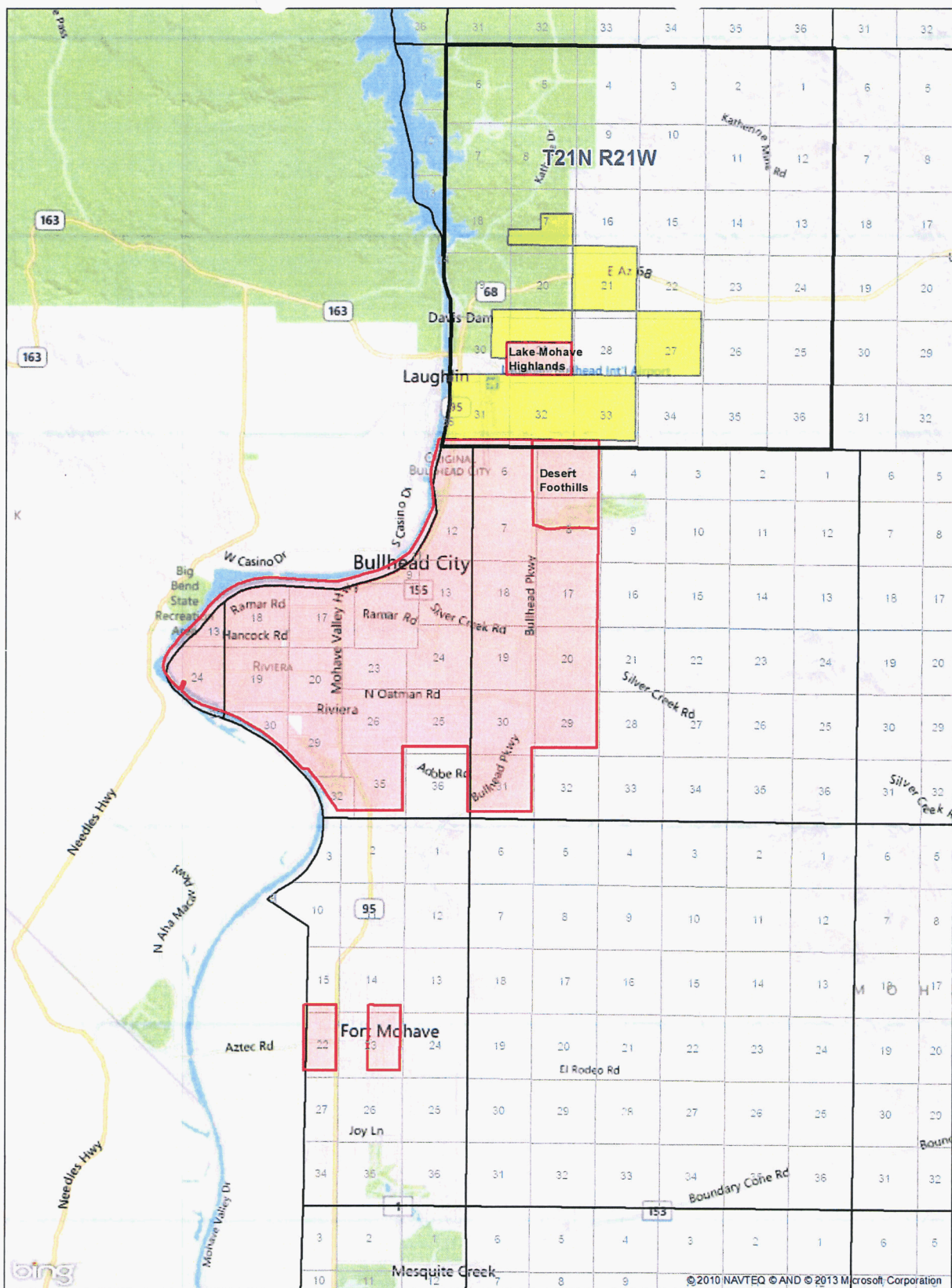
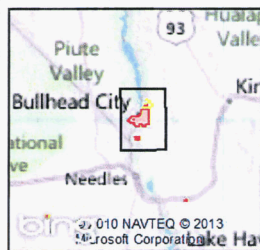
26 

EXHIBIT A



Location Map:



1 in = 1.5 miles

Revised: June 4, 2013

Data sources: EPCOR Water;
Arizona Department of
Water Resources; Arizona Corporation
Commission; Bing Maps

Legend:

- EPCOR Water
- North Mohave Valley Corporation
- T21N R21W
- Township/Range
- Section

North Mohave Valley Corporation



2355 W. Pinnacle Peak Rd.
Suite 300
Phoenix, AZ 85027

EXHIBIT B

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL -- MAKE CHANGES AS NECESSARY

W-02259A
NORTH MOHAVE VALLEY CORP.
PO BOX 22495
BULLHEAD CITY, AZ 86439-2495

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2012
----	----	------

FOR COMMISSION USE

ANN 04	12
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COMPANY INFORMATION

Company Name (Business Name) <u>North Mohave Valley Corp.</u>		
Mailing Address <u>PO Box 22495</u>		
(Street)		
Bullhead City	Arizona	86439
(City)	(State)	(Zip)
928-763-5655	928-763-1047	928-716-1143
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>jomreal_jm@frontiernet.net</u>		
Local Office Mailing Address <u>Same as above</u>		
(Street)		
(City)	(State)	(Zip)
Same as above		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>Same as above</u>		

MANAGEMENT INFORMATION

<input checked="" type="checkbox"/> Regulatory Contact: John McCormick			
<input checked="" type="checkbox"/> Management Contact: John McCormick		Secretary-Treasurer	
(Name)		(Title)	
3640 Hwy 95, Suite 130	Bullhead City	AZ	86442
(Street)	(City)	(State)	(Zip)
928-763-5655	928-763-1047	928-716-1143	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>jomreal_jm@frontiernet.net</u>			
On Site Manager: <u>Same as management contact</u>			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: Terrence S. Leek

(Name)

126 N. Marina Street

(Street)

Prescott

(City)

AZ

(State)

86301

(Zip)

928-778-7700

Telephone No. (Include Area Code)

928-778-4337

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Same as Statutory Agent

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☒ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

NORTH MOHAVE VALLEY CORPORATION

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	9,700		9,700
304	Structures and Improvements	82,642	51,260	31,382
307	Wells and Springs	846,217	314,042	532,175
311	Pumping Equipment	263,691	12,018	251,673
320	Water Treatment Equipment	47,595	38,544	9,051
330	Distribution Reservoirs and Standpipes	1,184,922	438,824	746,098
331	Transmission and Distribution Mains	5,838,588	2,791,266	3,047,322
333	Services	125,281	58,287	66,994
334	Meters and Meter Installations	429,924	(71,133)	501,057
335	Hydrants	325,734	175,857	149,877
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment		(524)	524
340	Office Furniture and Equipment	29,267	8,972	20,295
341	Transportation Equipment	141,098	(29,325)	170,423
343	Tools, Shop and Garage Equipment	36,217	11,278	24,939
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	190,409	67,075	123,334
347	Miscellaneous Equipment			
348	Other Tangible Plant			
1974 RATE CASE (AD) ADJUSTMENT			129,634	(129,634)
	TOTALS	9,551,285	3,996,075	5,555,210

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME NORTH MOHAVE VALLEY CORPORATION

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	9,700		
304	Structures and Improvements	82,642	3	2,479
307	Wells and Springs	846,217	3	25,387
311	Pumping Equipment	263,691	3	7,911
320	Water Treatment Equipment	47,595	3	1,428
330	Distribution Reservoirs and Standpipes	1,184,922	3	35,548
331	Transmission and Distribution Mains	5,838,588	3	175,158
333	Services	125,281	3	3,758
334	Meters and Meter Installations	429,924	3	12,898
335	Hydrants	325,734	3	9,772
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	29,267	3	878
341	Transportation Equipment	141,098	3	4,233
343	Tools, Shop and Garage Equipment	36,217	3	1,086
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	190,409	3	5,712
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	9,551,285		286,248

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME NORTH MOHAVE VALLEY CORPORATION

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 549,511	\$ 603,551
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	79,642	67,793
146	Notes/Receivables from Associated Companies	357	380
151	Plant Material and Supplies	57,555	57,340
162	Prepayments	29,941	30,259
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 717,017	\$ 759,323
	FIXED ASSETS		
101	Utility Plant in Service	\$ 8,725,973	\$ 9,551,285
103	Property Held for Future Use		
105	Construction Work in Progress	14,223	28,918
108	Accumulated Depreciation – Utility Plant	(3,754,231)	(3,996,075)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 4,985,965	\$ 5,584,128
	TOTAL ASSETS	\$ 5,702,982	\$ 6,343,451

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME NORTH MOHAVE VALLEY CORPORATION

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 13,063	\$ 5,971
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	25,960	27,510
236	Accrued Taxes	53,865	55,002
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	4,143	813
	TOTAL CURRENT LIABILITIES	\$ 97,031	\$ 89,296
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1,272,592	2,032,535
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	2,521,089	2,521,089
272	Less: Amortization of Contributions	(973,543)	(1,049,176)
281	Accumulated Deferred Income Tax	107,011	99,828
	TOTAL DEFERRED CREDITS	\$ 2,927,149	\$3,604,276
	TOTAL LIABILITIES	\$ 3,024,180	\$3,693,572
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 119,767	\$ 119,767
211	Paid in Capital in Excess of Par Value	2,297,474	2,297,474
215	Retained Earnings	261,561	232,638
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 2,678,802	\$2,649,879
	TOTAL LIABILITIES AND CAPITAL	\$ 5,702,982	\$6,343,451

COMPANY NAME NORTH MOHAVE VALLEY CORPORATION

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,010,558	\$ 996,336
460	Unmetered Water Revenue		
474	Other Water Revenues	11,895	11,620
	TOTAL REVENUES	\$ 1,022,453	\$ 1,007,956
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 204,456	\$ 216,077
610	Purchased Water		
615	Purchased Power	157,403	154,650
618	Chemicals		
620	Repairs and Maintenance	127,453	64,855
621	Office Supplies and Expense	26,961	26,652
630	Outside Services	95,159	125,188
635	Water Testing	8,986	7,208
641	Rents	12,571	12,266
650	Transportation Expenses	17,565	22,406
657	Insurance -- General Liability	31,584	35,186
659	Insurance - Health and Life	19,020	19,069
666	Regulatory Commission Expense -- Rate Case		
675	Miscellaneous Expense	2,278	1,581
403	Depreciation Expense	261,488	286,248
408	Taxes Other Than Income	21,810	22,311
408.11	Property Taxes	41,931	43,849
409	Income Tax	(26,358)	(7,138)
	TOTAL OPERATING EXPENSES	\$ 1,002,307	\$ 1,030,408
	OPERATING INCOME/(LOSS)	\$ 20,146	\$ (22,452)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 2,400	\$ 1,748
421	Non-Utility Income	75,633	77,133
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(6,818)	(1,514)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 71,215	\$ 77,367
	NET INCOME/(LOSS)	\$ 91,361	\$ 54,915

COMPANY NAME NORTH MOHAVE VALLEY CORPORATION

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 41,509

Meter Deposits Refunded During the Test Year

\$ 14,266

COMPANY NAME North Mohave Valley Corp.

Name of System: North Mohave Valley Corp **ADEQ Public Water System Number:** 08-068

WATER COMPANY PLANT DESCRIPTION

WELLS

	ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
1	55-608740	30	128	380	8"	3"	1970
2	55-608741	30	145	440	8"	3"	1970
3	55-620581	30	125	340	8"	3"	1975
4	55-507876	30	105	588	12"	3"	1984
7	55-805519	60	100	1030	8"	4"	1970
8	55-519603	30	150	300	8"	4"	1988
9	55-589061	100	440	675	12"	6"	2001
10	55-211751	100	488	656	12"	6"	2007

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	4	194 estimate	
50	2		
20	2		
40	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000	5	3000 Surge	1
500,000	2	250	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME NORTH MOHAVE VALLEY CORPORATION

Name of System: SAME AS ABOVE

ADEQ Public Water System Number: 08-068

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	4,250
3	PVC	18,097
4	PVC	54,072
5	C900	1,343
6	PVC	103,073
8	PVC	55,656
10	PVC	30
12	PVC	51,869
1-1/2"	PVC	560
12"	DIP	2,674
8"	DIP	120
6"	DIP	39
12"	C900	11,406
8"	C900	5,322

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	1895
3/4	
1	45
1 1/2	27
2	52
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	
	2019

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

	WATER TREATMENT EQ.				
	CHLORINATOR	11/84	2400.00	0.00	2400.00
	4 WELL CHLORINATORS	12/85	25000.00	0.00	25000.00
	CHLORINATOR PANEL	12/85	5800.00	0.00	5800.00
	DIGSTRIP	12/85	10000.00	0.00	10000.00
	4LP 3000 CHLORINATORS	12/87	2468.28	0.00	2468.28
	2 AUTOTROL CHLORINATORS	8/94	1287.34	0.00	1287.34
	PELLET CHLORINATOR	8/02		641.70	641.70
	TOTAL WATER TREATMENT EQ.		49953.62	641.70	0.00
					47585.32 CF

STRUCTURES:

	STRUCTURES & IMPROVEMENTS				
	BLDG	7/84	2000.00	0.00	2000.00
	PUMP HOUSE SUNRIDGE	12/85	22500.00	0.00	22500.00
	FENCES SUNRIDGE	12/85	13900.00	0.00	13600.00
	CHAIN LINK FENCE-WELL #4	8/90	2658.75	0.00	2558.75
	RETAINING WALL-WELL #1	12/91	4346.31	0.00	4346.31
	BLOCK WALL	12/94	2584.00	0.00	2584.00
	FENCE AT WELL #3	12/94	9690.75	-0.06	9690.69
	BLOCK WALL	9/96		2800.00	2800.00
	BLOCK WALL - SITE 2	9/97		5100.00	5100.00
	CONTROL HOUSE A/C	11/02		3512.48	3512.48
	FENCE AT WELL #3	8/05		5380.00	5380.00
	FENCE AT WELL #3	10/05		1270.00	1270.00
	ADDITION 24x28	09/06		7300.00	7300.00
	TOTAL FENCES & STRUCT		57279.81	25362.42	0.00
					82842.23 CF

OTHER:

	TRUCKS & EQUIPMENT				
	1997 DODGE TRUCK	5/97		0.00	0.00
	UTILITY BED & PIPE RACK	5/97		1190.33	1190.33
	BACKHOE	8/97		0.00	0.00
	1987 SUZUKI SAMARAI	1/98		0.00	0.00
	2000 NISSAN TRUCK	7/00		0.00	0.00
	2002 FORD EXPLORER	9/02		30231.57	-30231.57
	2005 FORD S-DTY-F-35	11/05		44902.36	44902.36
	2002 NISSAN TRUCK	02/06		10200.00	10200.00
	BACKHOE/LOADER	4/08		34512.00	34512.00
	BOBCAT MODEL 325	08/11		17665.87	17665.87
	TOWMASTER TILT BED	08/11		5066.97	5066.97
	2010 FORD EDGE	04/12		27560.45	27560.45
	TOTAL TRUCKS			0.00	143789.20
					-2571.22
					141097.98

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: NORTH MOHAVE VALLEY CORPORATION	
Name of System: SAME AS ABOVE	ADEQ Public Water System Number: 08-068

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	2013	18,267	21,947	
FEBRUARY	2013	22,533	25,843	
MARCH	2014	20,846	20,846	
APRIL	2015	20,819	20,819	
MAY	2015	26,311	26,311	
JUNE	2015	24,002	24,286	
JULY	2015	26,363	26,503	
AUGUST	2015	26,348	27,753	
SEPTEMBER	2015	22,930	23,637	
OCTOBER	2017	26,103	27,142	
NOVEMBER	2019	19,692	19,723	
DECEMBER	2019	16,608	19,331	
TOTALS →		270,822	284,141	

What is the level of arsenic for each well on your system? ____ * ____ mg/l
(If more than one well, please list each separately.) * See Attached List

If system has fire hydrants, what is the fire flow requirement? ____ GPM for 2 hrs
 1000 GPM for residential; 1500 GPM for commercial

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☐ No N/A - System has no chlorination system

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

FN:ARSENIC

NORTH MOHAVE VALLEY CORP.

4/3/2013

WELL #1 - ARSENIC

SAMPLE DATE	RESULT
7/17/84	< 0.01 mg/L
9/15/87	< 0.01 mg/L
4/4/88	< 0.01 mg/L
11/15/90	0.008 mg/L
9/21/95	0.0061 mg/L
10/25/00	0.0092 mg/L
2/12/01	0.0054 mg/L
4/21/05	0.0050 mg/L
1/16/2013	0.0059 mg/L

WELL #2 - ARSENIC

SAMPLE DATE	RESULT
3/14/84	< 0.01 mg/L
11/15/90	< 0.005 mg/L
8/8/95	0.0057 mg/L
10/25/00	0.0184 mg/L
2/12/01	0.0081 mg/L
4/21/05	0.0056 mg/L
1/16/2013	0.0066 mg/L

WELL #3 - ARSENIC

SAMPLE DATE	RESULT
4/13/75	< 0.01 mg/L
11/7/83	< 0.01 mg/L
3/2/84	< 0.01 mg/L
8/8/95	< 0.0030 mg/L
2/12/01	< 0.0025 mg/L
4/21/05	< 0.003 mg/L
1/16/2013	< 0.0030 mg/L

WELL #4 - ARSENIC

SAMPLE DATE	RESULT
1/28/85	0.033 mg/L
7/9/86	0.051 mg/L
8/25/86	0.044 mg/L
11/15/90	0.037 mg/L
10/6/92	0.032 mg/L
6/14/94	0.115 mg/L
8/8/95	0.0864 mg/L
3/29/96	0.059 mg/L
10/25/00	0.0630 mg/L
2/12/01	0.0776 mg/L
4/21/05	0.089 mg/L
1/16/2013	0.027 mg/L

WELL #7 - ARSENIC

SAMPLE DATE	RESULT
10/25/00	0.0155 mg/L
2/12/01	0.0182 mg/L
4/23/03	0.025 mg/L
4/21/05	0.020 mg/L
1/16/2013	0.018 mg/L

WELL #8 - ARSENIC

SAMPLE DATE	RESULT
9/3/87	0.014 mg/L
10/25/00	0.0078 mg/L
4/21/05	0.006 mg/L
6/18/10	< 0.0030 mg/L

WELL #9 - ARSENIC

SAMPLE DATE	RESULT
1/9/03	< 0.005 mg/L
4/21/05	< 0.003 mg/L
1/16/2013	< 0.0030 mg/L

WELL #10 - ARSENIC

SAMPLE DATE	RESULT
3/20/07	< 0.003 mg/L
1/16/13	< 0.0030 mg/L

WELL #1 - FLUORIDE

SAMPLE DATE	RESULT
05/28/70	0.61 mg/L
07/17/84	0.6 mg/L
09/15/87	0.6 mg/L
04/04/88	0.6 mg/L
11/15/90	0.8 mg/L
09/21/95	0.62 mg/L
04/21/05	0.56 mg/L
1/16/2013	0.47 mg/L

WELL #2 - FLUORIDE

SAMPLE DATE	RESULT
03/14/84	0.3 mg/L
11/15/90	0.7 mg/L
08/08/95	0.41 mg/L
04/23/03	0.45 mg/L
04/21/05	0.59 mg/L
1/16/2013	0.42 mg/L

WELL #3 - FLUORIDE

SAMPLE DATE	RESULT
12/12/74	0.5 mg/L
11/07/83	0.5 mg/L
03/02/84	0.6 mg/L
08/08/95	1.08 mg/L
04/21/05	1.3 mg/L
1/16/2013	1.1 mg/L

WELL #4 - FLUORIDE

SAMPLE DATE	RESULT
01/28/85	4.8 mg/L
07/09/86	4.4 mg/L
08/25/86	4.4 mg/L
11/15/90	3.9 mg/L
10/16/92	3.7 mg/L
08/08/95	5.07 mg/L
04/21/05	5.5 mg/L
1/16/2013	2.4 mg/L

WELL #7 - FLUORIDE

SAMPLE DATE	RESULT
04/23/03	3.5 mg/L
04/21/05	4.3 mg/L
1/16/2013	3.3 mg/L

WELL #8 - FLUORIDE

SAMPLE DATE	RESULT
09/03/87	0.4 mg/L
04/21/05	0.61 mg/L

WELL #9 - FLUORIDE

SAMPLE DATE	RESULT
01/09/03	1.5 mg/L
06/09/04	1.2 mg/L
04/21/05	1.5 mg/L
1/16/2013	1.2 mg/L

WELL #10 - FLUORIDE

SAMPLE DATE	RESULT
3/12/2007	1.5 mg/L
1/16/2013	1.4 mg/L

COMPANY NAME:	NORTH MOHAVE VALLEY CORPORATION		
Name of System:	SAME AS ABOVE	ADEQ Public Water System Number:	08-068

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		22	
FEBRUARY		5	
MARCH		6	
APRIL		6	
MAY		2	
JUNE		2	
JULY		9	
AUGUST		6	
SEPTEMBER		7	
OCTOBER		10	
NOVEMBER		5	
DECEMBER		3	
TOTALS →		83	

OTHER (description):



COMPANY NAME NORTH MOHAVE VALLEY CORPORATION YEAR ENDING 12/31/2012

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 42,769.05

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

NORTH MOHAVE VALLEY CORPORATION P.O. BOX 22495 BULLHEAD CITY, AZ 86439-2495 PH. (928) 763-5655		 Mohave State Bank 0951 HIGHWAY 80 BULLHEAD CITY, ARIZONA 86442 91-547-1221	7458 4/3/2012
PAY TO THE ORDER OF	Mohave County Treasurer Twenty Thousand Seven Hundred Ninety-Two and 78/100*****	\$ **20,792.78 DOLLARS	
MEMO Parcel Number 91851533 Mohave County Treasurer MELISSA HAVATONE PO BOX 712 KINGMAN, AZ 86402		 AUTHORIZED SIGNATURE	

(Check) - 04/10/2012

<p>DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE</p>	<p style="text-align: center;">CREDIT TO THE ACCT OF THE ENDORSE HEREON PAYEE'S/NO REJUDICE WELLS FARGO BANK S.A. PHOENIX AZ 85014 BOX Num: 153078 Date: 20120409</p>
--	--

(Check) - 04/10/2012

Rec'd 10-10-12 LBR

6313067 7853

NORTH MOHAVE VALLEY CORPORATION
P.O. BOX 22495
BULLHEAD CITY, AZ 86439-2495
PH. (928) 763-5655

Mohave State Bank
3051 HIGHWAY 95
BULLHEAD CITY, ARIZONA, 86442
91-547-1221

10/2/2012

PAY TO THE ORDER OF **Mohave County Treasurer**

\$ **21,976.27

Twenty-One Thousand Nine Hundred Seventy-Six and 27/100 ***** DOLLARS

Mohave County Treasurer
MELISSA HAVATONE
PO BOX 712
KINGMAN, AZ 86402

MEMO

John Melnick
AUTHORIZED SIGNATURE

Security features. Details on back.

(Check) -- 10/12/2012

ENDORSE HERE

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE

ELECTRONICALLY PRESENTED - 10/12/2012

(Check) - 10/12/2012

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
Mohave
NAME (OWNER OR OFFICIAL) TITLE
John L. McCormick III, Secretary-Treasurer
COMPANY NAME
NORTH MOHAVE VALLEY CORPORATION

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

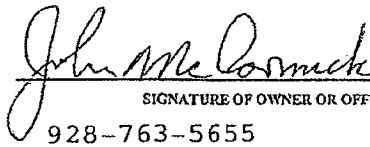
MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

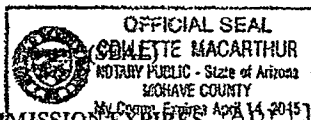

SIGNATURE OF OWNER OR OFFICIAL
928-763-5655
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

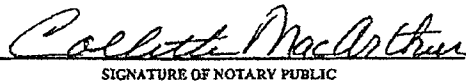
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 8th DAY OF

COUNTY NAME	Mohave
MONTH	April
	20_13



MY COMMISSION EXPIRES April 14, 2015


SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Mohave
NAME (OWNER OR OFFICIAL) TITLE
John L. McCormick III, Secretary-Treasurer
COMPANY NAME
NORTH MOHAVE VALLEY CORPORATION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2012 WAS:

Gross Revenue on Page 8 does not include sales tax billed or collected.

Revenue per page 8	\$1,007,956
Sales Tax Billed	109,898
	<u>\$1,117,854</u>

Arizona Intrastate Gross Operating Revenues Only (\$)

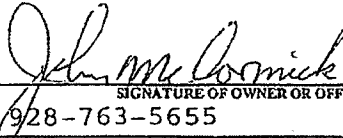
\$ 1,117,854

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 109,898

IN SALES TAXES BILLED, OR COLLECTED)

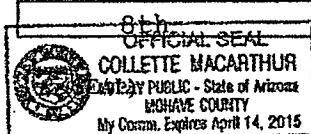
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
928-763-5655
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME		
Mohave		
MONTH	April	2013


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES April 14, 2015

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Mohave	
NAME (OWNER OR OFFICIAL) John L. McCormick III	TITLE Secretary-Treasurer
COMPANY NAME NORTH MOHAVE VALLEY CORPORATION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2012 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

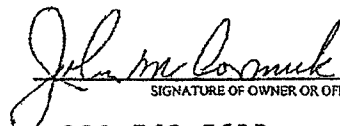
\$ 931,739

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 92,554

IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

928-763-5655

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

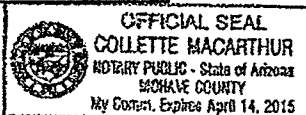
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

8th

DAY OF

(SEAL)



**MY COMMISSION EXPIRES
April 14, 2015**

NOTARY PUBLIC NAME Collette MacArthur	
COUNTY NAME Mohave	
MONTH April	2013


SIGNATURE OF NOTARY PUBLIC

EXHIBIT C

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Jodi A. Jerich, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****NORTH MOHAVE VALLEY CORPORATION*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on February 4, 1974.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 1st Day of May, 2013, A. D.




Jodi A. Jerich, Executive Director

By: _____ 905421

EXHIBIT D

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-01303A
Arizona American Water Company
2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027



ANNUAL REPORT
Water - Sewer

FOR YEAR ENDING

12 31 2012

FOR COMMISSION USE

ANN 04 12

processed by:

scanned

COMPANY INFORMATION

Company Name (Business Name) EPCOR Water Arizona, Inc. f/k/a/ Arizona-American Water Company			
Mailing Address 2355 W. Pinnacle Peak Road, Suite 300			
(Street)			
Phoenix	AZ	85027	
(City)	(State)	(Zip)	
(623) 445-2400	(623) 445-2451	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address			
Local Office Mailing Address 2355 W. Pinnacle Peak Road, Suite 300			
(Street)			
Phoenix	AZ	85027	
(City)	(State)	(Zip)	
(623) 445-2400	(623) 587-1044	N/A	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address			

MANAGEMENT INFORMATION

Regulatory Contact:			
Management Contact: Thomas Broderick Director, Rates			
(Name) (Title)			
2355 W. Pinnacle Peak Road, Suite 300	Phoenix	AZ	85027
(Street)	(City)	(State)	(Zip)
(623) 445-2420	(623) 587-1044	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address tbroderick@epcor.com			
On Site Manager: Thomas Broderick Director, Rates			
(Name) (Title)			
2355 W. Pinnacle Peak Road, Suite 300	Phoenix	AZ	85027
(Street)	(City)	(State)	(Zip)
(623) 445-2420	(623) 587-1044	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address tbroderick@epcor.com			

Statutory Agent: <u>Corporate Service Company</u>			
(Name)			
2355 W. Pinnacle Peak Road, Suite 300	Phoenix	AZ	85027
(Street)	(City)	(State)	(Zip)
(624) 445-2400	N/A	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Attorney: <u>Martin Stanek</u>			
(Name)			
2355 W. Pinnacle Peak Road, Suite 300	Phoenix	AZ	85027
(Street)	(City)	(State)	(Zip)
(623) 445-2427	N/A	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co Op (A) |
| <input type="checkbox"/> Receivership R | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|--|--|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input checked="" type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input checked="" type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Epcor Water Arizona, Inc.

WATER UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	68,331	0	68,331
302	Franchises	5,123,396	0	5,123,396
303	Land and Land Rights	10,877,238	111,464	10,765,774
304	Structures and Improvements	93,711,679	12,279,884	81,431,794
305	Collecting and Impounding	1,930,102	451,062	1,479,040
306	Lake, River & Other Intake	1,255,153	209,566	1,045,587
307	Wells and Springs	28,509,366	7,559,496	20,949,870
308	Infiltration Galleries	245,768	50,812	194,956
309	Supply Mains	3,379,655	182,525	3,197,131
310	Power Production Equipment	4,613,964	716,846	3,897,118
311	Pumping Equipment	71,422,795	30,222,479	41,200,316
320	Water Treatment Equipment	70,107,957	22,447,437	47,660,520
330	Distribution Reservoirs and Standpipes	33,696,108	4,866,634	28,829,473
331	Transmission and Distribution Mains	230,618,484	45,309,821	185,308,663
332	Fire Mains	170	61	109
333	Services	40,703,659	13,087,576	27,616,084
334	Meters and Meter Installations	23,601,631	6,382,871	17,218,760
335	Hydrants	22,731,367	5,244,165	17,487,201
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	1,985,789	207,519	1,778,270
340	Office Furniture and Equipment	6,052,855	6,217,330	-164,475
341	Transportation Equipment	2,612,903	6,075,499	-3,462,596
342	Stores Equipment	30,784	15,250	15,533
343	Tools, Shop and Garage Equipment	1,041,456	448,503	592,954
344	Laboratory Equipment	630,514	119,505	511,008
345	Power Operated Equipment	656,210	338,733	317,478
346	Communication Equipment	8,500,492	3,679,324	4,821,169
347	Miscellaneous Equipment	254,429	23,019	231,410
348	Other Tangible Plant	0	0	0
	Reg Asset AFUDC Debt	1,778	1,338	440
	TOTALS	664,364,034	166,248,720	498,115,314

This amount goes on the Balance Sheet Acct. No. 108



COMPANY NAME

Epcor Water Arizona, Inc.

WATER CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	68,331	*	0
302	Franchises	5,123,396	*	0
303	Land and Land Rights	10,877,238	*	0
304	Structures and Improvements	93,711,679	*	1,529,087
305	Collecting and Impounding	1,930,102	*	25,685
306	Lake, River & Other Intake	1,255,153	*	3,650
307	Wells and Springs	28,509,366	*	737,382
308	Infiltration Galleries and Tunnels	245,768	*	4,915
309	Supply Mains	3,379,655	*	61,074
310	Power Production Equipment	4,613,964	*	159,242
311	Pumping Equipment	71,422,795	*	2,923,638
320	Water Treatment Equipment	70,107,957	*	1,183,267
330	Distribution Reservoirs and Standpipes	33,696,108	*	511,894
331	Transmission and Distribution Mains	230,618,484	*	3,803,653
332	Fire Mains	170	*	3
333	Services	40,703,659	*	1,049,106
334	Meters and Meter Installations	23,601,631	*	1,328,531
335	Hydrants	22,731,367	*	438,023
336	Backflow Prevention Devices	0	*	0
339	Other Plant and Misc. Equipment	1,985,789	*	60,058
340	Office Furniture and Equipment	6,052,855	*	718,863
341	Transportation Equipment	2,612,903	*	476,191
342	Stores Equipment	30,784	*	1,213
343	Tools, Shop and Garage Equipment	1,041,456	*	34,933
344	Laboratory Equipment	630,514	*	18,854
345	Power Operated Equipment	656,210	*	25,774
346	Communication Equipment	8,500,492	*	619,994
347	Miscellaneous Equipment	254,429	*	9,940
348	Other Tangible Plant	0	*	0
	Reg Asset AFUDC Debt	1,778	*	0
	TOTALS	664,364,034	0	15,724,968

* See Attached for depreciation rates

COMPANY NAME

Epcor Water Arizona, Inc.

SEWER UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization	126,451	-	126,451
352	Franchises	502,925	-	502,925
353	Land and Land Rights	974,694	28,339	946,354
354	Structures and Improvements	25,921,277	6,243,342	19,677,935
355	Power Generation Equipment	1,113,427	134,674	978,752
360	Collection Sewers - Force	5,932,331	1,289,760	4,642,571
361	Collection Sewers - Gravity	80,647,801	22,897,706	57,750,096
362	Special Collecting Structures	3,120,757	4,121,930	-1,001,173
363	Services to Customers	12,031,672	4,082,432	7,949,240
364	Flow Measuring Devices	748,215	296,924	451,290
365	Flow Measuring Installations		-	0
370	Receiving Wells	2,126,089	416,314	1,709,775
371	Pumping Equip	3,896,818	1,369,110	2,527,708
380	Treatment and Disposal Equip.	57,718,808	30,832,660	26,886,148
381	Plant Sewer	813,165	279,270	533,896
382	Outfall Sewer Lines	843,190	358,409	484,781
389	Other Plant and Misc. Equipment	1,058,123	462,677	595,446
390	Office Furniture and Equipment	367,366	221,173	146,193
391	Transportation Equipment	243,240	695,844	-452,604
392	Stores Equipment	62,557	7,618	54,939
393	Tools, Shop and Garage Equipment	288,163	119,672	168,491
394	Laboratory Equipment	191,840	73,662	118,178
395	Power Operated Equipment	1,060,032	477,790	582,242
396	Communication Equipment	2,619,531	2,029,269	590,262
397	Misc Equipment	111,315	75,039	36,277
398	Other Tangible Plant	3,487	2,034	1,453
	TOTALS	202,523,273	76,515,648	126,007,626

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Epcor Water Arizona, Inc.

SEWER UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization	126,451	-	126,451
352	Franchises	502,925	-	502,925
353	Land and Land Rights	974,694	28,339	946,354
354	Structures and Improvements	25,921,277	6,243,342	19,677,935
355	Power Generation Equipment	1,113,427	134,674	978,752
360	Collection Sewers - Force	5,932,331	1,289,760	4,642,571
361	Collection Sewers - Gravity	80,647,801	22,897,706	57,750,096
362	Special Collecting Structures	3,120,757	4,121,930	-1,001,173
363	Services to Customers	12,031,672	4,082,432	7,949,240
364	Flow Measuring Devices	748,215	296,924	451,290
365	Flow Measuring Installations		-	0
370	Receiving Wells	2,126,089	416,314	1,709,775
371	Pumping Equip	3,896,818	1,369,110	2,527,708
380	Treatment and Disposal Equip.	57,718,808	30,832,660	26,886,148
381	Plant Sewer	813,165	279,270	533,896
382	Outfall Sewer Lines	843,190	358,409	484,781
389	Other Plant and Misc. Equipment	1,058,123	462,677	595,446
390	Office Furniture and Equipment	367,366	221,173	146,193
391	Transportation Equipment	243,240	695,844	-452,604
392	Stores Equipment	62,557	7,618	54,939
393	Tools, Shop and Garage Equipment	288,163	119,672	168,491
394	Laboratory Equipment	191,840	73,662	118,178
395	Power Operated Equipment	1,060,032	477,790	582,242
396	Communication Equipment	2,619,531	2,029,269	590,262
397	Misc Equipment	111,315	75,039	36,277
398	Other Tangible Plant	3,487	2,034	1,453
	TOTALS	202,523,273	76,515,648	126,007,626

This amount goes on the Balance Sheet Acct. No. 108



COMPANY NAME

Epcor Water Arizona, Inc.

SEWER CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
351	Organization	126,451	*	0
352	Franchises	502,925	*	0
353	Land and Land Rights	974,694	*	0
354	Structures and Improvements	25,921,277	*	570,686
355	Power Generation Equipment	1,113,427	*	47,905
360	Collection Sewers - Force	5,932,331	*	122,309
361	Collection Sewers - Gravity	80,647,801	*	1,672,766
362	Special Collecting Structures	3,120,757	*	227,470
363	Services to Customers	12,031,672	*	244,380
364	Flow Measuring Devices	748,215	*	62,166
365	Flow Measuring Installations	0	*	0
370	Receiving Wells	2,126,089	*	70,799
371	Pumping Equip	3,896,818	*	233,801
380	Treatment and Disposal Equip.	57,718,808	*	2,788,396
381	Plant Sewer	813,165	*	40,658
382	Outfall Sewer Lines	843,190	*	42,151
389	Other Plant and Misc. Equipment	1,058,123	*	52,694
390	Office Furniture and Equipment	367,366	*	34,353
391	Transportation Equipment	243,240	*	48,648
392	Stores Equipment	62,557	*	2,477
393	Tools, Shop and Garage Equipment	288,163	*	12,536
394	Laboratory Equipment	191,840	*	12,404
395	Power Operated Equipment	1,060,032	*	53,210
396	Communication Equipment	2,619,531	*	269,799
397	Misc Equipment	111,315	*	5,677
398	Other Tangible Plant	3,487	*	178
	TOTALS	202,523,273	0	6,615,463

This amount goes on the Comparative Statement of Income and Expense Acct. 403



COMPANY NAME

Epcor Water Arizona, Inc.

BALANCE SHEET

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 149,435.05	\$ 181,048.84
134	Working Funds	\$ 17.54	\$ 550.00
135	Temporary Cash Investments	\$ -	\$ -
141	Customer Accounts Receivable	\$ 4,591,214.46	\$ 6,977,551.56
146	Notes/Receivables from Associated Companies	\$ 405,914.96	\$ -
151	Plant Material and Supplies	\$ 317,091.96	\$ 1,043,294.26
162	Prepayments	\$ 515,234.53	\$ 760,246.90
174	Miscellaneous Current and Accrued Assets	\$ 62,997,897.10	\$ 59,812,097.73
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 68,976,806	\$ 68,774,789
	FIXED ASSETS		
101	Utility Plant in Service	\$ 850,899,824.72	\$ 866,887,307.45
103	Property Held for Future Use	\$ 443,048.57	\$ 443,048.57
105	Construction Work in Progress	\$ 7,557,201.27	\$ 8,499,959.79
108	Accumulated Depreciation - Utility Plant	\$ (217,267,592.51)	\$ (242,764,367.98)
121	Non-Utility Property	\$ -	\$ -
122	Accumulated Depreciation - Non Utility	\$ -	\$ -
	TOTAL FIXED ASSETS	\$ 641,632,482	\$ 633,065,948
	TOTAL ASSETS	\$ 710,609,288	\$ 701,840,737

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page

COMPANY NAME Epcor Water Arizona, Inc.

Breakdown of Certain Balance Sheet Accounts

	FIXED ASSETS	2012 Total
101	Utility Plant in Service	\$866,887,307
103	Property Held for Future Use	\$443,049
105	Construction Work in Progress	\$8,499,960
108	Accumulated Depreciation - Utility Plant	-\$242,764,368
121	Non-Utility Property	\$0
122	Accumulated Depreciation - Non Utility	\$0
	TOTAL FIXED ASSETS	\$633,065,948

COMPANY NAME

Epcor Water Arizona, Inc.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITES		
231	Accounts Payable	\$ 1,942,307.18	\$ 2,884,511.95
232	Notes Payable (Current Portion)	\$ 8,591,730.28	\$ 8,593,003.21
234	Notes/Accounts Payable to Associated Companies	\$ 49,090,022.66	\$ (17,816,300.04)
235	Customer Deposits	\$ 19,699.39	\$ 229,971.11
236	Accrued Taxes	\$ 5,534,764.95	\$ 1,810,763.75
237	Accrued Interest	\$ 636,617.03	\$ 9,058,685.51
241	Miscellaneous Current and Accrued Liabilities	\$ 6,325,835.62	\$ 13,438,206.38
	TOTAL CURRENT LIABILITIES	\$ 72,140,977	\$ 18,198,842
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 186,862,488.77	\$ 231,744,470.40
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	\$ 199,328,867.79	\$ 200,236,831.42
255	Accumulated Deferred Investment Tax Credits	\$ 45,226.00	\$ -
271	Contributions in Aid of Construction	\$ 114,356,729.62	\$ 118,020,278.35
272	Less: Amortization of Contributions	\$ (21,828,371.50)	\$ (26,190,403.63)
281	Accumulated Deferred Income Tax	\$ (1,000,934.01)	\$ 7,582,527.00
	TOTAL DEFERRED CREDITS	\$ 290,901,518	\$ 299,649,233
	TOTAL LIABILITIES	\$ 549,904,984	\$ 549,592,545
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 522,880.00	\$ 522,880.00
211	Paid in Capital in Excess of Par Value	\$ 184,926,690.58	\$ 184,882,920.36
215	Retained Earnings	\$ (24,745,266.71)	\$ (33,157,608.65)
218	Proprietary Capital (Sole Props and Partnerships)	\$ -	\$ -
	TOTAL CAPITAL	\$ 160,704,304	\$ 152,248,192
	TOTAL LIABILITIES AND CAPITAL	\$ 710,609,288	\$ 701,840,737

WATER COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 67,332,424.44	\$ 74,210,748.38
460	Unmetered Water Revenue	-	0
474	Other Water Revenues	2,648,036.22	2,460,534.71
	TOTAL REVENUES	\$ 69,980,460.66	\$ 76,671,283.09
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 10,226,340.34	\$ 9,581,353.73
604	Employee Pensions and Benefits		\$ 2,209,243.24
610	Purchased Water	2,939,469.66	2,153,542.56
615	Purchased Power	6,683,416.69	6,655,428.90
618	Chemicals	617,566.14	652,700.02
620	Repairs and Maintenance	2,245,885.14	1,068,009.40
621	Office Supplies and Expense	34,395.06	6,437.26
630	Outside Services	10,262,446.14	7,563,239.72
635	Water Testing	-	0
641	Rents	338,475.27	279,613.69
650	Transportation Expenses	929,938.47	889,182.90
655	Insurance		836,119.34
657	Insurance - General Liability	706,185.78	-
659	Insurance - Health and Life	2,696,253.48	-
666	Regulatory Commission Expense - Rate Case	455,379.95	688,658.53
675	Miscellaneous Expense	5,342,347.76	3,336,075.65
403	Depreciation Expense	14,763,332.69	15,885,339.97
408	Taxes Other Than Income	768,232.55	1,027,597.44
408.11	Property Taxes	2,055,022.26	2,455,030.28
409	Income Tax	2,093,453.68	5,125,349.27
	TOTAL OPERATING EXPENSES	\$ 63,158,141.06	\$ 60,412,921.91
	OPERATING INCOME/(LOSS)	\$ 6,822,319.60	\$ 16,258,361.18
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 3,542.59	\$ 353.40
421	Non-Utility Income	1,345,170.38	467,311.54
426	Miscellaneous Non-Utility Expenses	(872,690.10)	(497,019.53)
427	Interest Expense	(3,297,550.47)	(6,231,129.58)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (2,821,527.60)	\$ (6,260,484.16)
	NET INCOME/(LOSS)	\$ 4,000,792.00	\$ 9,997,877.01

Note: All corporate amounts are included in the Water Comparative Statement of Income and Expense. We have allocated only the income taxes and interest expense to sewer. A corresponding adjustment was made to 2010 to be consistent with 2011.

COMPANY NAME

Epcor Water Arizona, Inc.

SEWER COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
521	Flat Rate Revenues	\$ 28,682,104.55	\$ 28,636,574.72
522	Measured Revenues	-	0
536	Other Wastewater Revenues	30,824.24	16,714.18
	TOTAL REVENUES	28,712,928.79	28,653,288.90
	OPERATING EXPENSES		
701	Salaries and Wages	\$ 1,691,825.60	\$ 3,832,425.37
704	Employee Pensions and Benefits		\$ 916,646.31
710	Purchased Wastewater Treatment	6,841.82	6,845.01
711	Sludge Removal Expense	2,869,518.38	2,492,283.58
715	Purchased Power	1,064,027.62	1,125,134.79
716	Fuel for Power Production	-	-
718	Chemicals	401,623.04	641,716.76
720	Materials and Supplies	235,390.04	582,293.79
721	Office Supplies and Expense		1,910.74
730	Contractual Services		3,560,081.40
731	Contractual Services - Professional	18,020.93	-
735	Contractual Services - Testing	32,227.90	-
740	Contractual Services - Other	54,530.37	-
741	Rents		119,205.53
750	Transportation Expenses	120,772.53	333,346.70
755	Insurance Expense	31,070.97	160,095.68
757	Insurance - General Liability		-
759	Insurance - Health and Life		-
766	Regulatory Commission Expense - Rate Case	9,137.28	102,979.79
775	Miscellaneous Expense	(425,837.18)	1,178,763.45
403	Depreciation Expense	6,002,649.51	6,490,946.16
408	Taxes Other Than Income	130,732.93	213,230.26
408.11	Property Taxes	868,070.53	886,541.77
409	Income Tax	3,662,652.83	2,459,913
	TOTAL OPERATING EXPENSES	\$ 16,773,255	\$ 25,104,360
	OPERATING INCOME/(LOSS)	\$ 11,939,674	\$ 3,548,929
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ -	170
421	Non-Utility Income	-	15,509.11
426	Miscellaneous Non-Utility Expenses	-	(18,889)
427	Interest Expense	(5,758,523.31)	(3,221,452)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (5,758,523.31)	\$ (3,224,663)
	NET INCOME/(LOSS)	\$ 6,181,150	\$ 324,266

COMPANY NAME

EPCOR Water Arizona Inc.

YEAR ENDING 12/31/2012

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$3,562,142.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Maricopa

NAME (OWNER OR OFFICIAL) TITLE

Gregory Barber, Controller

COMPANY NAME

EPCOR Water Arizona Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CORRECT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CORRECT AND PAID IN FULL.

Gregory Barber - controller
SIGNATURE OF OWNER OR OFFICIAL

623 - 445 - 2414
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

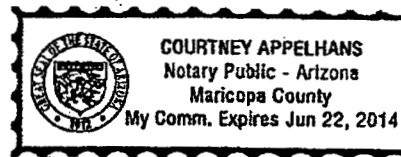
DAY OF

COUNTY NAME	maricopa
MONTH	April
YEAR	2013

(SEAL)

MY COMMISSION EXPIRES 6/22/14

Courtney Appelhaus
SIGNATURE OF NOTARY PUBLIC



COMPANY NAME

EPCOR Water Arizona Inc.

YEAR ENDING 12/31/2012

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	10,304,902
Estimated or Actual Federal Tax Liability	(3,606,716)
State Taxable Income Reported	10,304,902
Estimated or Actual State Tax Liability	(404,467)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	-
Amount of Gross-Up Tax Collected	-
Total Grossed-Up Contributions/Advances	-

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

DATE

Greg Barber

PRINTED NAME

Controller

TITLE

VERIFICATION
AND
SWORN STATEMENT (SEWER)
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Maricopa

NAME (OWNER OR OFFICIAL)

Gregory Barber

TITLE

Controller

COMPANY NAME

EPCOR Water Arizona Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS,
PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED
THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT
STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD
COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING
SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401
ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS
OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS
DURING CALENDAR YEAR 2012 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 28,677,857

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 24,588

IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAX BILLED OR COLLECTED.
IF FOR ANY OTHER REASON, THE REVENUE
REPORTED ABOVE DOES NOT AGREE WITH TOTAL
OPERATING REVENUES ELSEWHERE REPORTED,
ATTACH THOSE STATEMENTS THAT RECONCILE
DIFFERENCE. (EXPLAIN IN DETAIL)

Gregory Barber - Controller
SIGNATURE OF OWNER OR OFFICIAL
623 - 445 - 2414

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

DAY OF

COUNTY NAME

Maricopa

MONTH

April

2013

(SEAL)

MY COMMISSION EXPIRES

6/22/14

Courtney Appelhaus
SIGNATURE OF NOTARY PUBLIC

COURTNEY APPELHAUS

Notary Public - Arizona

Maricopa County

My Comm. Expires Jun 22, 2014

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE (SEWER)
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Maricopa

NAME (OWNER OR OFFICIAL)

Gregory Barber

TITLE

Controller

COMPANY NAME

EPCOR Water Arizona Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2012 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 25,340,500

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 17,539
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED.

Gregory Barber - Controller
SIGNATURE OF OWNER OR OFFICIAL
623 - 445 - 2414
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

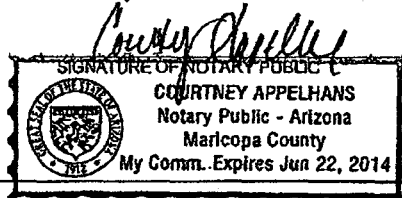
THIS

(SEAL)

MY COMMISSION EXPIRES 6/22/14

DAY OF

NOTARY PUBLIC NAME Courtney Appelhans
COUNTY NAME Maricopa
MONTH April 2013



**VERIFICATION
AND
SWORN STATEMENT (WATER)
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)

Maricopa

NAME (OWNER OR OFFICIAL) TITLE

Gregory Barber

Controller

COMPANY NAME

EPCOR Water Arizona Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS,
PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED
THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT
STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD
COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING
SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401
ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS
OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS
DURING CALENDAR YEAR 2012 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 84,089,148

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 7,417,865
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAX BILLED OR COLLECTED.
IF FOR ANY OTHER REASON, THE REVENUE
REPORTED ABOVE DOES NOT AGREE WITH TOTAL
OPERATING REVENUES ELSEWHERE REPORTED,
ATTACH THOSE STATEMENTS THAT RECONCILE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Gregory Barber - Controller

SIGNATURE OF OWNER OR OFFICIAL

623 - 445 - 2414

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

DAY OF

COUNTY NAME

Maricopa

MONTH

April

2013

(SEAL)

MY COMMISSION EXPIRES

6/22/14

SIGNATURE OF NOTARY PUBLIC



COURTNEY APPELHAUS

Notary Public - Arizona

Maricopa County

My Comm. Expires Jun 22, 2014

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE (WATER)
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Maricopa

NAME (OWNER OR OFFICIAL)

Gregory Barber

TITLE

Controller

COMPANY NAME

EPCOR Water Arizona Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2012 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 62,549,859

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 5,622,805
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED.

Gregory Barber - Controller

(SIGNATURE OF OWNER OR OFFICIAL)

623 - 445 - 2414

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

DAY OF

NOTARY PUBLIC NAME Courtney Appelhaus

COUNTY NAME Maricopa

MONTH April 2013

(SEAL)

MY COMMISSION EXPIRES

6/22/14

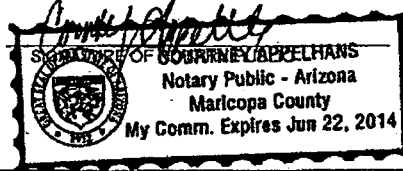


EXHIBIT E

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Jodi A. Jerich, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****EPCOR WATER ARIZONA INC.*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 30, 1949.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 1st Day of May, 2013, A. D.




Jodi A. Jerich, Executive Director

By: _____ 905419

**AGREEMENT FOR PURCHASE AND SALE OF
WATER UTILITY ASSETS**

THIS AGREEMENT FOR PURCHASE AND SALE OF WATER UTILITY ASSETS (this "Agreement") is made and entered into as of the 19th day of April, 2013 by and between NORTH MOHAVE VALLEY CORPORATION, an Arizona corporation ("Seller"), and EPCOR WATER ARIZONA INC., an Arizona corporation ("Buyer").

RECITALS:

A. Seller owns and operates a potable water production, treatment, storage, transmission, and distribution system in Mohave County, Arizona (the "Utility System").

B. The Utility System operates under a Certificate of Convenience and Necessity (a "CC&N") issued by the Arizona Corporation Commission (the "Commission"), which authorizes the owners of the Utility System to provide water service within a defined portion of Mohave County, Arizona (the "Business").

C. Seller desires to sell certain of the assets of the Business and the Utility System to Buyer, and Buyer desires to purchase such assets from Seller, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants and agreements contained in this Agreement, Buyer and Seller, each intending to be legally bound by this Agreement, hereby agree as follows:

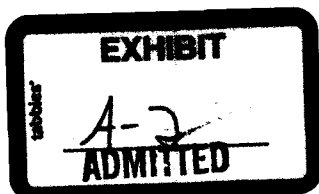
1. RECITALS. The foregoing recitals are incorporated into and made a part of the agreement between Seller and Buyer.

2. COVENANTS TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.

2.1 Agreement to Purchase. Buyer shall buy from Seller, and Seller shall sell to Buyer, the Purchased Assets (as defined in Section 2.2) upon the terms, and subject to the conditions, set forth in this Agreement.

2.2 Purchased Assets. "Purchased Assets" shall include all assets, business properties and rights, both tangible and intangible, that Seller owns, or in which Seller has an interest, relating to the Utility System or the Business except the Excluded Assets (as defined in Section 2.3), including, but not limited to:

(a) The real property owned by Seller, and all buildings, improvements and fixtures located on any such real property, as identified in Schedule 2.2(a) (collectively, the "Real Property");



(b) All easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System, as identified in Schedule 2.2(b) (collectively, the "Easements");

(c) All wells, water treatment plants, water storage facilities and water supply and distribution facilities of every kind and description whatsoever owned by Seller and used in connection with the Utility System, including but not limited to pumps, motors, plants, electric systems and services, Supervisory Control And Data Acquisition systems, tanks, transmission mains, distribution mains, supply pipes, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations and office and computer equipment, together with all additions and replacements (including inventory) to any of the foregoing, including those items identified in Schedule 2.2(c) (collectively, the "Tangible Personal Property");

(d) All certificates, immunities, privileges, franchises, permits, license rights, consents, grants, ordinances, leaseholds, and all rights to construct, maintain and operate the Utility System and the plants and systems for the procuring, treatment, storage and distribution of water and every right of every character whatsoever in connection with the foregoing; all rights of Seller to receive a supply of water to the Utility System or others; all water rights, flowage rights and riparian rights and all renewals, extensions, additions or modifications of any of the foregoing; in each case as identified in Schedule 2.2(d) (collectively, the "Permits");

(e) All supplier lists, customer records (including historical customer billing information), prints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals, and other information in Seller's possession and relating to the Utility System or the Business;

(f) All financial records, receipts and other documentation to support all of Seller's capital investments in the Utility System and all advances and contributions from third parties and refunds to third parties since the end of the test year of its last rate case before the Commission;

(g) All vehicles, other "rolling stock" and equipment of Seller used or held for use in the operation of the Utility System or the Business and identified in Schedule 2.2(g) (the "Vehicles");

(h) All drawings, if any, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias or other reproducible materials in Seller's possession and including any plans, drawings and approvals relating to a future water storage tank planned at the site of the well referred to by Seller as Tank Site 4;

(i) All rights of Seller under the agreements, contracts (including software licenses), consent orders and leases to be assumed by Buyer at the Closing (as defined below in Section 10.1), as identified in Schedule 2.2(i) (collectively, the "Assumed Contracts");

(j) All customer deposits and developer deposits and prepayments under any line extension agreements, in each case as identified in Schedule 2.2(j) (collectively, the "Transferred Deposits"); and

(k) All third-party warranties relating to the Utility System or any equipment or other component comprising a part of the Utility System.

2.3 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, the following assets (collectively, the "Excluded Assets") are excluded from the Purchased Assets:

(a) All cash, accounts receivable, prepaid taxes, bank accounts, equity and debt securities of any nature, deposits maintained by Seller with any governmental authority or utility providing services to Seller, and prepaid expenses of Seller that (i) are Seller's sole property and (ii) are not subject to refund by Seller or its successor to customers, developers or others;

(b) Escrow and other provisions of Seller for payment of federal and state income taxes;

(c) Seller's name, all corporate records of Seller and all financial records of Seller not directly relating to the Utility System; provided, however, that with respect to financial records of Seller directly relating to the Utility System, Seller shall be entitled to retain copies for its records;

(d) Those assets of Seller expressly identified on Schedule 2.3(d); and

(e) All rights of Seller under any agreement which is not an Assumed Contract.

2.4 Assumed Liabilities. Other than (a) obligations arising subsequent to the Closing under the Assumed Contracts or as a result of Buyer's post-Closing operation of the Utility System, (b) obligations to refund the Transferred Deposits subsequent to the Closing, and (c) the obligation to provide utility services in connection with Buyer's operation of the Business from and after the Closing (collectively, the "Assumed Liabilities"), Buyer shall not assume or be obligated to pay, perform or discharge any debts, liabilities or obligations of Seller, whether or not related to the Purchased Assets or the Business (collectively, the "Excluded Liabilities").

2.5 Seller's Employees. Schedule 2.5 sets forth the salaries, wages and benefits provided to Seller's employees as of the date of this Agreement. If [REDACTED] remains an employee of Seller as of the Closing Date, Buyer shall offer [REDACTED] employment with Buyer with substantially similar compensation as that provided by Seller as of the date of this Agreement, but with employee benefits consistent with those then offered by Buyer to its employees generally. With respect to Seller's other employees as of the Closing Date, Buyer shall have the right, but not the obligation, to offer employment to any or all of those Seller

employees as of the Closing and upon such terms and conditions as Buyer desires. To the extent Buyer does not offer such employment or, if it is offered, the Seller employee (including [REDACTED]) does not satisfy any conditions to that employment or does not accept Buyer's offer, Buyer shall have no responsibility or liability with respect to that Seller employee and Seller shall remain responsible for the employment or the termination of employment of that employee from and after the Closing.

3. PURCHASE PRICE.

3.1 Payment. Buyer shall pay to Seller at the Closing, subject to the adjustments and prorations set forth in Section 10.3, a purchase price in the aggregate amount equal to 110% of Seller's regulatory rate base as of the Closing Date (the "Purchase Price"). Payment of the Purchase Price shall be made to Seller in cash, in immediately available federal funds, by wire transfer to an account or accounts designated by Seller.

3.2 Determination of Seller's Rate Base. Seller's regulatory rate base as of December 31, 2012 is \$2,137,020, determined as described on Schedule 3.1 (the "December 31, 2012 Rate Base"). Within one week after the Commission's approval contemplated in section 8.1(b), below, Seller shall deliver to Buyer a statement (the "Closing Date Statement") setting forth a calculation of Seller's estimated actual regulatory rate base as of the Closing Date (assuming the Closing Date will be 30 days after the date of Commission's approval), along with supporting documentation for adjustments to that regulatory rate base from December 31, 2012 through the Closing Date. If Buyer has any objections to the Closing Date Statement, Buyer shall, within seven days after Seller's delivery of the Closing Date Statement, give written notice to Seller specifying in reasonable detail such objections and the basis for each, and calculations which Buyer has determined in good faith are necessary to eliminate such objections. If Buyer does not deliver such notice within the period described above, the Closing Date Statement shall be final, binding and conclusive on Buyer and Seller. If Buyer provides such notice during the period described above, Seller and Buyer shall negotiate in good faith during the next seven days to resolve any disputes regarding the Closing Date Statement. If Seller and Buyer are unable to resolve all such disputes within such seven-day period, then either Buyer or Seller may exercise any rights then available to it under this Agreement, at law or in equity to resolve the disputes, and the Closing will be delayed until such resolution is achieved.

3.3 Possible Additional Rate Base Payment. When Buyer files its first rate case for its Mohave Water District following the Closing, Buyer will request the Commission to approve Buyer's recovery of an additional rate base amount of approximately \$950,000 attributable to the use of the Purchased Assets to produce water for delivery to Buyer's Mohave Water District customers, so long as Buyer determines that position to then be factually supportable. If Buyer makes such request, Buyer will assert the position with the Commission that approving Buyer's recovery of that amount of additional rate base will enable Buyer to avoid or defer additional water production capital improvement cost in its Mohave Water District in excess of the amount of the proposed additional rate base amount. Seller may participate in that rate proceeding before the Commission by intervening in it at Seller's own cost and expense. If, and to the extent, the Commission approves any such additional recovery by Buyer, Buyer will pay to Seller an additional amount (the "Contingent Purchase Price") equal to the amount of the additional Buyer Mohave Water District rate base approved by the Commission and relating

to water production capabilities of the Purchased Assets, to the extent Buyer is authorized by the Commission to retain for itself any customer rates paid to Buyer in respect of such additional rate base and Buyer's customer rates for its customers then on the Utility System are unaffected. The Contingent Purchase Price will be payable within 60 days following the Commission's final order approving the additional Buyer Mohave Water District rate base amount and the customer rates supporting that additional rate base amount. Beyond requesting the recovery of an additional rate base amount as contemplated in this section, Buyer may unilaterally determine when to file its next Mohave Water District rate case and will not be constrained in its filing, amendment or management of, or participation in, the rate case proceeding. In particular, Buyer will not be precluded from settling the rate case on terms that do not provide for the additional rate base contemplated in this Section 3.3. Buyer acknowledges that Seller may assign its right to receive the Contingent Purchase Price to its shareholders by written notice to Buyer.

3.4 Delivery of Title. Title to the Purchased Assets shall be delivered by Seller to Buyer at Closing, free and clear of all liens, encumbrances, debts, liabilities or third party claims whatsoever ("Encumbrances"), other than Permitted Encumbrances. For purposes of this Agreement, "Permitted Encumbrances" means and includes the following:

(a) All present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use of the Real Property, in each case, to the extent not inconsistent with the use or condition of the related Real Property as of the date of this Agreement;

(b) Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, including without limitation any drainage, canal, mineral, road, or other reservations of record in favor of the State of Arizona or any of its agencies or governmental or quasi-governmental entities, none of which, however, shall materially impair or restrict the use of the Real Property for the operation of the Utility System;

(c) The matters listed in Schedule 3.4; and

(d) Any defect as approved by Buyer pursuant to Section 6.2.

4. REPRESENTATIONS AND WARRANTIES OF SELLER. As a material inducement to Buyer to execute this Agreement and perform its obligations hereunder, Seller represents and warrants to Buyer as follows:

4.1 Organization; Authority; Enforceability. Seller is duly organized, validly existing and in good standing under the laws of the State of Arizona. Seller has all requisite corporate power and authority to carry on the Business as it is being conducted as of the applicable date, to operate the Utility System as it is being operated as of the applicable date, to enter into this Agreement, and to carry out and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by Seller and is the valid and binding obligation of Seller, enforceable against it in accordance with its terms.

4.2 Conflicts; Consents. Except as set forth in Schedule 4.2, Seller is not (i) in violation of, or in default under, any term or provision of its Articles of Incorporation or by-laws or any lien, mortgage, lease, agreement, instrument, order, judgment, or decree, or subject to any restriction of any kind or character contained in any of the foregoing, which would prohibit Seller from entering into this Agreement or prevent consummation of the transactions contemplated by this Agreement, and such entering into or consummation will not cause any such violation or default, and (ii) required to obtain the consent of any person or entity as a condition to its entering into this Agreement or consummating the transactions contemplated by this Agreement.

4.3 Litigation. Except as set forth in Schedule 4.3, (i) there are no legal actions, suits, mediations, arbitrations, or other legal or administrative proceedings pending or, to Seller's knowledge, after due investigation ("Seller's Knowledge"), threatened against Seller that could adversely affect the Utility System or the Business; and to Seller's Knowledge there are no facts that might result in any action, suit, mediation, arbitration or other proceedings that might result in any material adverse change in the Business or the condition (financial or otherwise) of the Utility System, and (ii) Seller is not in default with respect to any judgment, order or decree of any court or any governmental agency or instrumentality applicable to the Utility System.

4.4 Compliance with Law. Except as set forth in Schedule 4.4, (i) the business operations of the Utility System have been and are being conducted in all respects in accordance with all applicable laws, rules, regulations and orders of all authorities, including without limitation the Commission and the Arizona Department of Environmental Quality ("ADEQ"), (ii) Seller has not received written notification of any material violation of any governmental rules, regulations, orders, permitting conditions or other governmental requirements of any type or nature applicable to the ownership, maintenance, construction or operation of the Utility System, and (iii) to Seller's Knowledge, there are no conditions which, by reason of the passing of time or the giving of notice, would constitute such a violation. Neither Seller nor the operation of the Utility System or conduct of the Business is subject to any outstanding compliance orders issued by the Commission or ADEQ.

4.5 Real Property. The Real Property constitutes all parcels of land that Seller owns or to which Seller has title and all parcels of land included in the determination of the December 31, 2012 Rate Base. The Easements constitute all easements, licenses, prescription rights, rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System and all Easements included in the determination of the December 31, 2012 Rate Base. Seller has exclusive possession, control, ownership and good and marketable title to the Real Property, subject to no Encumbrance other than (i) Encumbrances that will be discharged by Seller at Closing and are listed on Schedule 4.5 (collectively, "Seller Encumbrances"), and (ii) Permitted Encumbrances. The Real Property and the Easements, together, constitute all of the real property rights necessary to operate the Utility System as it is being operated as of the applicable date. At Closing, Seller shall deliver title to such Real Property free and clear of all Encumbrances whatsoever, other than Permitted Encumbrances.

4.6 Tangible Personal Property. Seller has exclusive ownership, possession, control, and good and marketable title to all Tangible Personal Property (except for leased and licensed items, if any, disclosed in Schedule 4.6), and, at the Closing, will have such ownership, possession, control and good and marketable title except to the extent any of the Tangible Personal Property has been sold, or otherwise disposed of, by Seller in the ordinary course of business after the date of this Agreement and in accordance with its terms and conditions. The Tangible Personal Property includes all personal property of Seller included in the determination of the December 31, 2012 Rate Base. The Tangible Personal Property is subject to no Encumbrance except Permitted Encumbrances and Seller Encumbrances. At Closing, Seller shall deliver title to the Tangible Personal Property free and clear of all Encumbrances whatsoever, other than Permitted Encumbrances.

4.7 Rate Base and Depreciation. The December 31, 2012 Rate Base, as described in Section 3.2, above, is true, accurate and supportable as the regulatory rate base of Seller for the Utility System as of December 31, 2012. The depreciation expense reflected on Seller's financial statements and in its filings with the Commission is consistent with Seller's Commission-approved depreciation schedule applicable to the Utility System.

4.8 Zoning. Seller has received no written notice of any threatened action or proceeding under any building or zoning ordinance, regulation or law with respect to the Utility System, any of the Real Property or any Easement, and, to Seller's Knowledge, there is no basis for Seller to receive or deliver any such notice.

4.9 Assumed Contracts. Seller is not in default under any Assumed Contract and, to Seller's Knowledge, (i) no other party to any Assumed Contract is in default under any Assumed Contract, and (ii) there exist no facts that, with the passage of time or otherwise, might result in a default by Seller or another party under any Assumed Contract. Schedule 4.9 sets forth the relevant details of all of Seller's refund obligations under A.A.C. R14-2-406 arising out of the Assumed Contracts and lists all third party consents required to assign any of the Assumed Contracts to Buyer. The Transferred Deposits collectively represent all outstanding refund obligations, or potential refund obligations, of Seller relating to customer deposits, developer deposits or prepayments under any line extension agreements during Seller's ownership of the Utility System.

4.10. Environmental Law Compliance.

(a) Definitions.

(i) "Environmental Law" means any federal, state, or local statute, order, regulation, or ordinance, or common law or equitable doctrine relating to the protection of human health or the environment in effect as of the applicable date and includes but is not limited to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act (42 U.S.C. § 300f et

seq.), as such have been amended or supplemented as of the applicable date, and the regulations promulgated pursuant thereto and in effect as of the applicable date.

(ii) "Hazardous Material" means petroleum or any substance, material, or waste which is regulated under any Environmental Law in the jurisdictions in which Seller conducts the Business including, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.

(iii) "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, or dispersal into the environment, at or from any property owned or operated by Seller with respect to the Utility System or related to Hazardous Materials generated by Seller with respect to the Utility System.

(iv) "Remedial Action" means all actions required to (1) clean up, remove, or treat any Hazardous Material; (2) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (3) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.

(b) Representations. Except as set forth in Schedule 4.10:

(i) Seller is in compliance with all applicable Environmental Laws with respect to the Utility System and has no liability under any Environmental Law, and there is no reasonable basis for any such liability.

(ii) Seller has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of the Business as presently conducted.

(iii) Seller has not received within the last 12 months any communication from, and is not aware of any pending communication from, any governmental authority or other party with respect to the Utility System and (1) any actual or alleged violation of any Environmental Laws; (2) any actual or proposed Remedial Action; or (3) any Release or threatened Release of a Hazardous Material.

(iv) No polychlorinated biphenyl or asbestos-containing materials, in violation of Environmental Law, are, or have been, present at any property when owned, operated, or leased by Seller with respect to the Utility System, nor are there any underground storage tanks, active or abandoned, at any property owned, operated, or leased by Seller with respect to the Utility System.

(v) There is no Hazardous Material located, in violation of any Environmental Law, at any site that is owned, leased, operated or managed by Seller with respect

to the Utility System; no site that is owned, leased, operated, or managed by Seller with respect to the Utility System is listed or formally proposed for listing under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list that is the subject of federal, state, or local enforcement actions or other investigations that may lead to claims against Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury claims, including, but not limited to, claims under CERCLA; and there is no reasonable basis for Seller to be named in such claims or for any similar action to be brought against Seller with respect to the Utility System.

(vi) No written notification of a Release of a Hazardous Material has been filed by or on behalf of Seller with respect to the Utility System or with respect to any property when owned, operated, or leased by Seller with respect to the Utility System. No such property is listed or proposed for listing in the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state list of sites requiring investigation or clean up.

(vii) No Hazardous Material has been released in violation of any Environmental Law at, on, or under any property now or when formerly owned, operated, or leased by Seller with respect to the Utility System.

4.11. Permits. Seller has valid Permits authorizing it to conduct its operations with respect to the Utility System in the manner in which such operations are being conducted as of the applicable date and in all of the territory in which it renders service as of the applicable date, and to maintain its mains and pipes in the streets and highways of such territories, including without limitation any required CC&Ns required by the Commission and any franchises required by any governmental entity.

4.12 Brokers. Seller has not dealt with a broker, salesman, finder or similar person or entity in connection with any part of the transactions contemplated by this Agreement, and no broker, salesman, finder or similar person or entity is entitled to any commission or fee with respect to such transactions as a result of Seller's actions. John L. McCormick, III, a shareholder in Seller discloses pursuant to Arizona Department of Real Estate Commissioner's Rule R4-28 1101(E) he is a licensed real estate broker.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to Seller to execute this Agreement and to perform its obligations under this Agreement, Buyer represents and warrants to Seller as follows:

5.1 Organization; Authority; Enforceability. Buyer is duly organized, validly existing and in good standing under the laws of the State of Arizona. Buyer has all requisite corporate power and authority to carry on its business as now being conducted, to enter into this Agreement, and to carry out and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by Buyer and is the valid and binding obligation of Buyer, enforceable against it in accordance with its terms.

5.2 Conflicts; Consents. Except as set forth in Schedule 5.2, Buyer is not (i) in violation of, or in default under, any term or provision of its Articles of Incorporation or by-laws or any lien, mortgage, lease, agreement, instrument, order, judgment, or decree, or subject to any restriction of any kind or character contained in the foregoing, which would prohibit Buyer from entering into this Agreement or prevent consummation of the transactions contemplated by this Agreement and such entering into or consummation will not cause such violation or default, and (ii) required to obtain the consent of any person or entity as a condition to its entering into this Agreement or consummating the transactions contemplated by this Agreement.

5.3 Brokers. Buyer has not dealt with a broker, salesman, finder or similar person or entity in connection with any part of the transactions contemplated by this Agreement, and no broker, salesman, finder or similar person or entity is entitled to any commission or fee with respect to such transactions as a result of Buyer's actions.

5.4 Financial Capacity. Buyer has sufficient funds available to satisfy in full its obligation to pay the Purchase Price at the Closing as provided in Section 3.1.

6. TITLE INSURANCE AND DEFECTS IN TITLE.

6.1 Surveys and Title Insurance. Seller shall obtain and deliver to Buyer, at or prior to Closing and at Seller's sole cost and expense, such customary surveys and owner's title insurance policies with respect to the Real Property as Buyer reasonably deems necessary, all of which must be satisfactory to Buyer, in the reasonable exercise of its discretion.

6.2 Defects in Title. Seller shall deliver to Buyer, for Buyer's review, title insurance commitments with respect to the Real Property within 45 days after the date of this Agreement. Buyer shall notify Seller in writing, within two weeks after receipt of any such title insurance commitment, of any alleged defect in Seller's title to the Real Property, other than the Permitted Encumbrances. Any objections to title to the extent the matter is identified in the commitments delivered by Seller and is not included on the notice furnished by Buyer in accordance with the provisions of this Section 6.2 shall be deemed to have been waived by Buyer. Seller shall have 45 days, after receipt of Buyer's notice, to eliminate all of the objections to title set forth in Buyer's notice. In the event Seller fails to cure any title defects contained in Buyer's notice to Buyer's reasonable satisfaction, then Buyer may:

(a) Accept whatever title Seller is able to convey with an equitable adjustment to the Purchase Price; or

(b) Reject title and terminate this Agreement.

If Buyer rejects title and terminates this Agreement as provided above, neither party shall have any further liability under this Agreement. Buyer shall not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter that (a) may be satisfied with a payment of money and Seller elects to do so, and then does do so, by paying the same at or prior to the Closing; (b) any mechanic's lien or other encumbrance which can be

released of record, bonded or transferred of record to substitute security unrelated to the Utility System so as to relieve the real estate from the burden thereof and Seller elects to do so, and then does do so, at or prior to Closing; or (c) the title insurance company issuing the title insurance commitments affirmatively insures over the lien or other matter.

7. CONDITIONS PRECEDENT TO CLOSING.

7.1 Conditions to Buyer's Obligations. The obligation of Buyer to close the transactions contemplated by this Agreement is subject to the conditions that, at or before the Closing and unless waived by Buyer:

(a) There shall not be commenced or pending on the Closing Date any legal action or proceeding that prohibits Seller from closing the transactions contemplated by this Agreement or the outcome of which may have an adverse effect upon the value of the Utility System or the Business.

(b) Seller shall have performed all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.

(c) All representations and warranties of Seller shall be true in all material respects as of the Closing Date, except to the extent they specifically refer to another date.

(d) All required government approvals have been received, including, without limitation, the approval of the Commission on terms acceptable to Buyer.

(e) There has been no material adverse change to the value or condition of the Utility System or the conduct of the Business since the date of this Agreement and no condition exists which, with the passage of time or otherwise, may have a material adverse change to the value or condition of the Utility System or the conduct of the Business since the date of this Agreement.

7.2 Conditions to Seller's Obligations. The obligation of Seller to close the transactions contemplated by this Agreement is subject to the conditions that, at or before the Closing Date and unless waived by Seller:

(a) There shall not be commenced or pending on the Closing Date any legal action or proceeding that prohibits Buyer from closing the transactions contemplated by this Agreement.

(b) Buyer shall have performed all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.

(c) All representations and warranties of Buyer shall be true in all material respects as of the Closing Date, except to the extent they specifically refer to another date.

(d) All required government approvals have been received, including, without limitation, the approval of the Commission.

8. PRE-CLOSING CONDUCT; COVENANTS. Prior to the Closing, the parties covenant to each other, and shall conduct themselves, as follows:

8.1 Regulatory Compliance, Consents, etc.

(a) From and after the date of this Agreement, each of Buyer and Seller shall use commercially reasonable efforts to (i) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable under applicable law or otherwise to satisfy the conditions to the Closing to be satisfied by it and to consummate and make effective the transactions contemplated by this Agreement, (ii) obtain from any governmental authorities with jurisdiction over this Agreement or the transactions contemplated by this Agreement (including, without limitation, the Commission), and from any other applicable governmental authority, person or entity any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained by it in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement, (iii) execute and deliver any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement, (iv) make and diligently prosecute all necessary filings, and thereafter make any other required submissions, with respect to this Agreement required under any applicable federal, state or local law, ordinance, rule or regulation; provided, that each of Buyer and Seller shall cooperate with the other in connection with the making and prosecution of all such filings, including providing copies of all such documents to the non-filing party and its respective advisors prior to filing and, if requested, accepting all reasonable additions, deletions or changes suggested in connection with such documents, and (v) keep the other party informed of any material communication received by such party from, or given by such party to, the Commission or any other governmental authority, person or entity in connection with any such filing. Without limiting the generality of the foregoing, Seller shall be responsible for obtaining, at its own cost and expense, but with the reasonable cooperation of Buyer, any third-party consents required for the conveyance, assignment or assumption of the Easements, Permits, Assumed Contracts or other Purchased Assets at the Closing.

(b) The parties acknowledge that the transactions contemplated by this Agreement are subject to the jurisdiction of the Commission. Each of Buyer and Seller shall fully cooperate with the other with respect to, and shall keep the other apprised of, matters relating to the regulatory approval of the Commission of the transactions contemplated in this Agreement, and shall use commercially reasonable efforts to obtain, as soon as possible after the date of this Agreement, such approval. Without limiting the generality of the foregoing, Buyer shall prepare and file with the Commission, within 30 days after the date of this Agreement, an application seeking such approval. At least three business days prior to filing such application, Buyer shall deliver a copy of it to Seller. Buyer shall bear the cost of such filing (if any), but each party shall pay the fees of its attorneys and other advisors in connection with such filing.

8.2 Customer Data and Final Meter Reads. From and after the execution of this Agreement, Seller shall provide to Buyer, at Buyer's request and at no additional cost or expense to Buyer, reasonable assistance to establish the Utility System customers as Buyer's customers as of the Closing Date and to enable Buyer's customer billing system to accept Utility System customer water usage and billing data. On the Closing Date and prior to the Closing, Seller will conduct a final read of the customer meters on the Utility System. Seller will be responsible for preparing and distributing final bills for the Utility System customers under Seller's ownership of the Utility System and will retain the related accounts receivable and all amounts collected from the Utility System customers in payment of those bills. Seller will make its final meter read data available to Buyer on the Closing Date for Buyer to use as the initial meter reads for its new customers on the Utility System. From and after the Closing, each party will remit to the other any customer payments received by that party that represent payment for utility services provided by the other party.

8.3 Further Information. Seller shall furnish to Buyer prior to the Closing such existing financial, legal and other information with respect to the Utility System and the Business as Buyer or its authorized representatives may from time to time reasonably request. Further, commencing on the date of this Agreement, Seller shall give Buyer, its agents and representatives access to all property, equipment, documents, materials, books and records related in any way to the Utility System or the Business which either are in Seller's possession or under Seller's control. At Buyer's request, Seller will provide Buyer with hardcopy customer information, including usage and billing history, to the extent available from Seller's customer billing system.

8.4 Conduct of Business Prior to Closing. From the date of this Agreement until the Closing, Seller shall carry on the operation of the Utility System and the conduct of the Business in the ordinary course of business and in substantially the same manner as has been the case prior to the date of this Agreement and shall use all reasonable efforts to preserve intact the present financial status and value of the Utility System and the Business, maintain the Tangible Personal Property and the Real Property in good repair, keep in full force and effect the Permits and adequate insurance coverage for damage or casualty to the Tangible Personal Property and the Real Property, discharge and perform all of its duties and obligations as required, and preserve all of its business records. Without limiting the generality of the foregoing, Seller shall promptly inform Buyer of any circumstance requiring a capital investment in the Utility System estimated to exceed \$25,000 and shall obtain Buyer's prior written consent, not to be unreasonably withheld, to any such capital investment; provided, however, that Buyer's prior consent shall not be a condition to any capital investment required by any governmental authority with jurisdiction over the Utility System.

8.5 Inspection and Remedies. Without limiting the effect of the representations set forth in Section 4, above, Buyer may, at its option and expense, engage an Arizona licensed engineer to perform a Phase I environmental survey (and a subsequent Phase II, if desired by Buyer) of any or all of the Real Property. Should contamination be found on the Real Property prior to the Closing Date, Seller shall have the right, but not the obligation, to perform such clean-up and remediation as is necessary under the Environmental Laws. Upon Seller's failure to perform such clean-up and remediation, prior to the Closing Date, Buyer may

terminate this Agreement, and neither party shall have any liability to the other, or Buyer may proceed to Closing with an equitable adjustment of the Purchase Price.

8.6 Assignment. Neither Buyer nor Seller shall transfer or assign this Agreement or the duties or obligations created in or under this Agreement.

9. TERMINATION OF AGREEMENT.

9.1 General. This Agreement may be terminated (a) by mutual written consent of the parties, or (b) as provided in Sections 9.2 and 9.3.

9.2 Termination by Buyer. Buyer may terminate this Agreement upon the occurrence of any of the following:

(a) The failure of Seller to satisfy its conditions precedent to closing set forth in Section 7.1, or failure of the conditions described in Section 7.1 (except to the extent such failure is caused by Buyer);

(b) Any breach of this Agreement by Seller, including, but not limited to, a breach of any representation or warranty, if Seller has not cured such breach within 10 days after notice from Buyer; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Buyer; or

(c) Any other basis for termination on behalf of Buyer otherwise set forth in this Agreement.

9.3 Termination by Seller. Seller may terminate this Agreement upon the occurrence of any of the following:

(a) The failure of Buyer to satisfy its conditions precedent to closing set forth in Section 7.2, or failure of the conditions described in Section 7.2 (except to the extent such failure is caused by Seller);

(b) Any breach of this Agreement by Buyer, including, but not limited to, a breach of any representation or warranty, if Buyer has not cured such breach within 10 days after notice from Seller; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Seller; or

(c) Any other basis for termination on behalf of Seller otherwise set forth in this Agreement.

9.4 Notice of Termination. Following the occurrence of any of the foregoing events giving rise to a right of for termination of this Agreement, the party electing to terminate this Agreement shall provide written notice of its termination of this Agreement to the other party.

9.5 Effect of Termination. Upon the termination of this Agreement, the following shall occur:

(a) Each party shall return to the other party, or destroy, all documents delivered to it pursuant to this Agreement, including copies in its possession or in the possession of its agents and consultants; provided, however, that legal counsel to the receiving party may retain one copy of all such materials for use in connection with any post-termination issues arising out of or relating to this Agreement or the transactions contemplated by this Agreement. The return or destruction of such information shall be certified in writing by the returning or destroying party. Each party, its agents and consultants, shall treat any information previously received as confidential, and shall not disclose or use such information, except as may be required by law.

(b) Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorneys and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.

(c) In the event of termination of this Agreement, there shall be no liability on the part of Buyer or Seller, or their respective officers or directors except in the event that termination resulted from fraud or a breach of a representation, warranty, covenant or agreement.

9.6 Specific Performance. The parties recognize and agree that each of Buyer and Seller has relied on this Agreement and expended considerable effort and resources related to the transactions contemplated in this Agreement, that the rights and benefits conferred upon Buyer and Seller in this Agreement are unique, and that damages may not be adequate to compensate a party to this Agreement in the event the other party improperly refuses to consummate those transactions. Each of Buyer and Seller therefore agree that the aggrieved party shall be entitled, at its option and in lieu of terminating this Agreement pursuant to Section 9.2 or 9.3, as the case may be, to have this Agreement specifically enforced by a court of competent jurisdiction.

9.7 No Limitation of Remedies. Except as expressly provided in Section 9.5(c), the remedies set forth in this Section 9 are in addition to, and not in limitation of, any other remedies that may then be available to the aggrieved party under this Agreement, at law or in equity.

10. CLOSING DATE AND CLOSING.

10.1 Closing Date. The transactions contemplated by this Agreement shall be closed (the "Closing") within thirty (30) days after the date upon which the last of the conditions set forth in Section 7 is fulfilled or waived, or at such other time, date and place as Seller and Buyer shall mutually agree (the "Closing Date"), at Seller's office, or at a location mutually acceptable to both parties. For purposes of this Section 10.1, the "approval of the Commission" referenced in Section 7 will be deemed to occur when the Commission has issued its final,

signed order, no request for rehearing or reconsideration has been filed by any party, and the applicable period for making any such request has expired.

10.2 Closing Deliveries. At the Closing:

(a) Title to the Real Property shall be conveyed to Buyer by special warranty deed free of all Encumbrances, other than Permitted Encumbrances.

(b) Title to the Tangible Personal Property shall be conveyed to Buyer by bill of sale free of all Encumbrances, other than Permitted Encumbrances.

(c) Seller's right, title and interest in and to the Easements, Permits and other Purchased Assets shall be assigned to Buyer, together with any required third-party consents to such assignment.

(d) The Assumed Contracts shall be assigned to and assumed by Buyer, together with any required third-party consents to such assignment and assumption. The assignment of any rights to utilize Colorado River water for the Utility System shall be accompanied by a consent and estoppel executed by the third party granting such rights to Seller consenting to the assignment of such rights to Buyer and confirming Seller's compliance with the terms of its agreement with such third party.

(e) Certificates of Title to the Vehicles (or for non-certificated Vehicles, bills of sale) shall be executed for transfer to Buyer and delivered to Buyer;

(f) Seller shall deliver to Buyer the then-current passwords and other access devices necessary for Buyer to utilize any software rights transferred or assigned to Buyer at the Closing, including without limitation, those items necessary for Buyer to make use of Seller's meter reading, customer billing and SCADA equipment and software;

(g) All taxes and other governmental fees on the transfer of the Real Property or the Easements to Buyer, if any, shall be paid by Seller;

(h) Real property and personal property taxes on the Purchased Assets and the Utility System, and any other applicable taxes, shall be prorated as of the Closing Date and Seller shall be required to pay its share at or prior to Closing. All other taxes and assessments accrued or owed by Seller as of the Closing Date or applicable to periods or events prior to the Closing Date with respect to the Purchased Assets shall be and remain the obligation of Seller. All other taxes and assessments imposed or attempted to be imposed for periods or events from and after the Closing Date with respect to the Purchased Assets shall be the obligation of Buyer; and

(i) Each party shall deliver to the other party a certificate stating that the conditions set forth in Section 7.1 or 7.2, as applicable, have been satisfied.

10.3 Adjustments/Prorations/Allocations.

(a) Connection, plant capacity, main extension, capital or other charges paid for the availability of utility services ("Connection Charges") received by Seller prior to, on or after the date of this Agreement shall be assigned to Buyer.

(b) All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing, including but not limited to electricity for a period up to and including the Closing Date, shall be paid by Seller.

(c) Buyer shall assume Seller's liability for customer deposits, developer deposits and prepayments under any line extension agreements represented by the Transferred Deposits, and credit shall be given to Buyer for that assumption in the calculation of the Purchase Price.

(d) Buyer and Seller agree that the Purchase Price (and other relevant items) will be allocated to the Purchased Assets for the purposes and in a manner consistent with the fair market value of such assets and applicable provisions of federal and state law. Buyer, at its cost and expense, shall prepare and deliver to Seller a schedule setting forth its proposed allocation of the Purchase Price for Seller's approval, which approval shall not be unreasonably withheld, delayed or conditioned. If Buyer and Seller are unable to agree on the appropriate allocation of the Purchase Price, Buyer and Seller agree that the allocation of the Purchase Price shall be determined by a mutually agreed upon accounting firm, the cost of which shall be shared equally by Buyer and Seller. Any such determination shall be final and binding upon both Buyer and Seller. Each of Buyer and Seller agrees to file all tax returns and information returns in a manner consistent with the allocations approved or determined in accordance with the foregoing.

11. POST-CLOSING COOPERATION.

11.1 Further Assurances. Seller and Buyer shall, at any time and from time to time after the Closing, upon reasonable request of the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be required in order to implement and perform any of the obligations, covenants and agreements of the parties under this Agreement. Seller acknowledges and agrees that Buyer will not be permitted under Arizona law to discontinue utility service to any Utility System customer for failure to pay amounts due to Seller. Following the Closing, and to the extent transferred to Buyer, Buyer shall retain the books and records of Seller for the benefit of Seller and, unless otherwise consented to in writing by Seller, Buyer shall not destroy or otherwise dispose of such books and records of Seller for a period of three (3) years.

11.2 Post-Closing Assistance. Prior to the Closing, Buyer may request specific transition services to be provided by Seller for a period of up to six months following the Closing. To the extent the provision of any such requested services does not pose undue hardship upon Seller, Seller will provide the requested services at reasonable rates no greater than Seller's actual cost to provide such services and in accordance with the terms and conditions to be set forth in a definitive agreement between Buyer and Seller. Without limiting the

generality of the foregoing, the applicable transition services may include Seller making available to Buyer information technology and data processing services for customer service and customer billing and operation of the SCADA system controlling the Utility System. In addition, Buyer shall be entitled, at its option, to request the services of certain of Seller's principals after the Closing on terms and conditions mutually agreeable to Buyer and the applicable principal(s).

12. INDEMNIFICATION.

12.1 Indemnification by Buyer. Buyer shall indemnify and hold harmless Seller, its directors, officers, employees and affiliates, and their respective successors and permitted assigns (collectively, "Seller Indemnified Parties"), from and against any claim, liability, loss, cost, damage, or expenses (including, without limitation, court costs and reasonable attorney's fees and expenses) (a "Claim") to the extent arising out of or resulting from (i) the breach of, or the failure to perform or satisfy any of, the representations, warranties and covenants made by Buyer in this Agreement, (ii) the Assumed Liabilities, or (iii) the ownership and operation of the Utility System or the conduct of the Business after the Closing.

12.2 Indemnification by Seller. Seller shall indemnify and hold harmless Buyer, its directors, officers, employees, affiliates, and its successors and permitted assigns (collectively, "Buyer Indemnified Parties"), from and against any Claim to the extent arising out of or resulting from (i) the breach of, or the failure to perform or satisfy any of, the representations, warranties and covenants made by Seller in this Agreement, (ii) the Excluded Liabilities, or (iii) the ownership and operation of the Utility System or the conduct of the Business prior to the Closing.

12.3 Survival. The representations, warranties and covenants of the parties contained in this Agreement shall survive the Closing, and the provisions of Sections 9.5, 9.7, 13 and this Section 12 shall survive any termination of this Agreement.

13. MISCELLANEOUS PROVISIONS.

13.1 Entire Agreement. This Agreement, including the Schedules, embodies the entire agreement and understandings between the parties regarding its subject matter and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not merged into and superseded by this Agreement.

13.2 Notice. Any notice or other document required or allowed to be given pursuant to this Agreement by either party to the other shall be in writing and shall be delivered personally, or by recognized overnight courier or sent by certified mail, postage prepaid, return receipt requested.

If to Seller, such notice shall be addressed to Seller at:

North Mohave Valley Corporation
3640 Highway 95
Bullhead City, AZ 86442-4335

with a copy to:

Kelley Moss PLLC
2031 Highway 95
Bullhead City, AZ 86442
Attn: Jamie Kelley, Esq.

If to Buyer, such notice shall be addressed to Buyer at:

EPCOR Water Arizona Inc.
2355 W Pinnacle Peak Road; Suite 300
Phoenix, AZ 85027
Attn: Vice President - Business Development

with a copy to:

EPCOR Water Arizona Inc.
2355 W Pinnacle Peak Road; Suite 300
Phoenix, AZ 85027
Attn: Corporate Counsel

13.3 Interpretation. The headings set forth in this Agreement used are for convenience only, and they shall be disregarded in the construction of this Agreement. The drafting of this Agreement constituted a joint effort of the parties, and in the interpretation of this Agreement, it shall be assumed that no party had any more input or influence than the other. All words, terms, and conditions herein contained are to be read in concert, each with the other, and a provision contained under one heading may be considered to be equally applicable under another heading in the interpretation of this Agreement.

13.4 Confidentiality. Other than with respect to filings with the Commission and other communications reasonably necessary in order to consummate the transactions contemplated in this Agreement, each of Buyer and Seller shall maintain in strict confidence, and shall not disclose to anyone other than its employees, attorneys and consultants who have a need to know in order to consummate the transactions contemplated by this Agreement (and who shall be bound by a similar obligation of confidentiality), any information regarding the other party, the Business, this Agreement or the transactions contemplated by this Agreement, unless and until the Closing shall have occurred. Each party shall remain liable for any breaches of this Section 13.4 by its employees, attorneys and consultants.

13.5 Public Announcements. Buyer and Seller shall consult with each other before issuing any press release with respect to this Agreement and the transactions contemplated by this Agreement and shall not issue any such press release or make any such written public statement without the prior written consent of the other party, which shall not be unreasonably withheld, delayed or conditioned; provided, however, that either Buyer or Seller may, without the prior written consent of the other, issue such press release or make such written

public statement as that party may determine, in good faith after consultation with legal counsel, is required by law or by any securities exchange.

13.6 No Third Party Beneficiaries. This Agreement is solely for the benefit of Buyer and Seller, and no causes of action shall accrue upon, out of or by reason of this Agreement to or for the benefit of any third party.

13.7 Severability. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

13.8 Attorneys' Fees. In the event of any litigation that arises between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs at all trial and appellate levels.

13.9 Amendment. This Agreement may be amended, modified or rescinded only if executed in writing and in the same manner as the original.

13.10 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Arizona, without giving effect to its choice of laws provisions.

13.11 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties' successors and permitted assigns.

13.12 Counterpart Signatures. This Agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures on this Agreement transmitted by electronic means shall be deemed to be original signatures for all purposes of this Agreement.

13.13 Transaction Expenses. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement and any documents associated with the Closing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

[REST OF THIS PAGE INTENTIONALLY LEFT BLANK]

SELLER:

NORTH MOHAVE VALLEY CORPORATION

By: Frank J. Gordon PE.
Title: President
Date: 18 April 2013

By: _____
Title: Secretary-Treasurer
Date: _____

BUYER:

EPCOR WATER ARIZONA INC.

By: _____
Title: _____
Date: _____

SELLER:

NORTH MOHAVE VALLEY CORPORATION

By: _____

Title: President

Date: _____

By: John Mc Cormick

Title: Secretary-Treasurer

Date: _____

BUYER:

EPCOR WATER ARIZONA INC.

By: _____

Title: _____

Date: _____

SELLER:

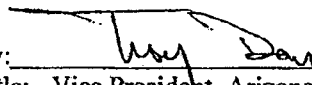
NORTH MOHAVE VALLEY CORPORATION

By: _____
Title: President
Date: _____

By: _____
Title: Secretary-Treasurer
Date: _____

BUYER:

EPCOR WATER ARIZONA INC.

By:  _____
Title: Vice President, Arizona Operations
Date: 4/18/2013

INDEX
OF
SCHEDULES

- Schedule 2.2(a) - Real Property
- Schedule 2.2(b) - Easements
- Schedule 2.2(c) - Tangible Personal Property
- Schedule 2.2(d) - Permits
- Schedule 2.2(g) - Vehicles
[Include any equipment with a certificate of title]
- Schedule 2.2(i) - Assumed Contracts
[Among other things, include franchise agreements, software licenses
(customer billing and SCADA, among others), line extension agreements
and source water agreements.]
- Schedule 2.2(j) - Transferred Deposits
[List by category, with date of original deposit, refund due date (if any)
and amount]
- Schedule 2.3(d) - Itemized Excluded Assets
- Schedule 2.5 - Seller's Employees
- Schedule 3.1 - Seller's Regulatory Rate Base as of the Date of this Agreement
- Schedule 3.4 - Itemized Permitted Encumbrances
- Schedule 4.2 - Seller Conflicts and Consents
- Schedule 4.3 - Litigation
- Schedule 4.4 - Compliance with Law
- Schedule 4.5 - Seller Encumbrances
- Schedule 4.6 - Listing of Leased Items
- Schedule 4.9 - Refunds due Under Line Extension Agreements and Consents to
Assignment of Assumed Contracts
- Schedule 4.10 - Environmental Matters
- Schedule 5.2 - Buyer Conflicts and Consents

Schedule 2.2(a)
Real Property Owned

Assessor Parcel Number	Legal Description	NMVC I.D.
347-07-364	Parcel F, Sun Ridge Estates Tract 4042-B , according to the plat thereof, recorded August 29, 1984, at Fee No. 84-32523, in the office of the County Recorder of Mohave County, Arizona.	Well No. 4 and 5 Tank Site 1 (1 - 300,000 tank and 1 - 500,000 tank)
347-08-176	Parcel C, Sun Ridge Estates, Tract 4042-D , according to the plat thereof, recorded November 4, 1988, at Fee No. 88-46520, in the office of the County Recorder of Mohave County, Arizona.	Well No. 1
347-08-177A	Parcel F, Sun Ridge Estates Tract 4042-D , according to the Parcel Plat recorded April 4, 1997 at Fee No. 97-17213 in Book 12 of Parcel Plats, page 78 in the office of the County Recorder of Mohave County, Arizona.	Well No. 2
347-13-007A	Parcel A, Block 1, Sun Ridge Estates, Tract 4042-H , according to the plat of record in the office of the County Recorder of Mohave County, Arizona, recorded February 7, 1996, at Fee No. 96-6911.	
347-13-008	Parcel I, Sun Ridge Estates, Tract 4042-H , according to the plat of record in the office of the County Recorder of Mohave County, Arizona, recorded February 7, 1996, at Fee No. 96-6911.	Well No. 3 is in Parcel G, Parcels G, H & I are included in this County Parcel
348-03-219B	Parcel O, First Revised Plat of Sun Ridge Estates, Tract 4042-A , according to the plat thereof, recorded December 20, 1995, at Fee No. 95-44045, in the office of the County Recorder of Mohave County, Arizona.	Tank Site 2 (2 - 300,000 tanks)
348-04-377	Parcel D, Sun Ridge Estates, Tract 4042-C , according to the plat thereof, recorded October 14, 1986, at Fee No. 86-42187, in the office of the County Recorder of Mohave County, Arizona.	Tank Site 3 (2 - 300,000 tanks)

Assessor Parcel Number	Legal Description	NMVC I.D.
348-16-142	Parcel A, Desert Canyon at Sun Ridge, Tract 5156, according to the plat thereof, recorded May 22, 2006, at Fee No. 2006-052562 in the office of the County Recorder of Mohave County, Arizona.	
349-04-046A	Punto De Vista Tract 1060A, Unit 1 East 100 feet, lying North of E/w mid-sec. Line Lot 9, Block C, Section 27 T21N R21W.	old tank site
349-05-018A	That portion of Lot 27, Block C, Punto De Vista, Unit Two, Tract 1060-B, according to the plat thereof recorded September 3, 1968 as Fee No. 48311 in the office of the Recorder, Mohave County, Arizona. BEGINNING at the Westerly Lot corner of said Lot 27, thence North 60° 29' 42" East along the Northwesterly boundary of said Lot 27, a distance of 360.00 feet to the North corner of said lot; Thence South 64° 11' 35" East along the Northeasterly boundary of said Lot 27, a distance of 240.00 feet to the East corner of said lot; Thence South 35° 23' 23" West along the Southeasterly boundary of said Lot 27, a distance of 120.00 feet; thence Easterly along a curve to the right, tangent to the previous bearing, with a radius of 100.00 feet, a central angle of 108° 30' 12", and an arc length of 189.37 feet; thence North 85° 00' 00" West, not tangent to the previous curve, a distance of 298.70 feet to the Point of Beginning.	Well Site No. 6 (not currently used)
349-06-052	Lot 1, Block I, Punto De Vista, Unit Three, Tract 1060-C, according to the plat thereof, recorded October 8, 1968 as Fee No. 49930 in the office of the Recorder, Mohave County, Arizona.	Well No. 7

Assessor Parcel Number	Legal Description	NMVC I.D.
347-14-011	<p>All that certain parcel of land in Section 31, Township 21 North, Range 21 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona, more particularly described as follows:</p> <p>Commencing at the Northeast corner of said Section 31; Thence South 09 degrees 08 minutes 55 seconds West, 1404.80 feet to the Point of Beginning, said point being on a curve concave Southeasterly and having a radius of 247.49 feet, a radial line passing through said point bears North 48 degrees 05 minutes 45 seconds West; Thence Northeasterly along the arc of said curve through a central angle of 26 degrees 43 minutes 14 seconds an arc distance of 115.42 feet to a point of CUSP, said point being on a curve concave Northeasterly and having a radius of 247.49 feet, a radial line passing through said point bears South 15 degrees 10 minutes 57 seconds; Thence Northwesterly along the arc of said curve through a central angle of 26 degrees, 43 minutes 14 seconds an arc distance of 115.42 feet to a point of CUSP; Thence South 03 degrees 05 minutes 47 seconds East, 120.00 feet to the Point of Beginning.</p>	Well No. 8
347-22-002B	<p>Parcel A, as shown on Parcel Plat recorded September 25, 2001, in Book 17 of Parcel Plats, page 59, records of Mohave County, Arizona, being portions of Lot Two (2) Desert Shores, Unit 1, Tract 5007, according to the plat of record in the Office of the County Recorder of Mohave County, Arizona, recorded March 13, 2001, at Fee No. 2001-14321. EXCEPT all oil, gas, other hydrocarbon substances, helium or other substances of gaseous nature, coal, metals, minerals, fossils, fertilizer of every name and description, and except all uranium, thorium, or any other material which is or may be determined by the laws of the State of Arizona, the United States of America, or decisions of courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in Section 37-231, Arizona Revised Statutes, and in patent of record.</p>	Well No. 10

Assessor Parcel Number	Legal Description	NMVC I.D.
347-22-002E	Parcel C, as shown on Parcel Plat recorded September 25, 2001, in Book 17 of Parcel Plats, page 59, records of Mohave County, Arizona, being portions of Lot Two (2) Desert Shores, Unit 1, Tract 5007, according to the plat of record in the Office of the County Recorder of Mohave County, Arizona, recorded March 13, 2001, at Fee No. 2001-14321. EXCEPT all oil, gas, other hydrocarbon substances, helium or other substances of gaseous nature, coal, metals, minerals, fossils, fertilizer of every name and description, and except all uranium, thorium, or any other material which is or may be determined by the laws of the State of Arizona, the United States of America, or decisions of courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in Section 37-231, Arizona Revised Statutes, and in patent of record.	Well No. 9

**Schedule 2.2(b)
Easements**

Section/Township/Range or Legal	Type of Easement	Recording Info Date Book & Page Fee No.
Portion of Parcel 5, Section 29, Township 21 North Range 21 West GSRBM	Water Line granted by Zerga, Woodrum & Kazama to NMVC	March 9, 1994 B2268 P784 94-14301
Sections 30 and 31, Township 21 North Range 21 West GSRBM	Water Line granted by MC Airport Authority to NMVC	September 29, 2003 B4698 B553 2003083023
Sections 30 and 31, Township 21 North, Range 21 West, GSRBM	Water Line granted by MC Airport Authority to NMVC	September 29, 2003 B4698 P557 2003083024
Sections 30 and 31, Township 21 North, Range 21 West GSRBM	Water Line granted by MC Airport Authority to NMVC	September 29, 2003 B4698 P561 2003083025
Section 31, Township 21 North, Range 21 West, GSRBM	Water Line granted by MC Airport Authority to NMVC	September 29, 2003 B4698 P567 2003083026
The West 8 feet of Lot 96, Punto De Vista, Unit 2, Tract 1119		May 14, 1987 B1319 P254 Assigned to NMVC by mesne instrument February 23, 1995 B2530 P707 95-9288

Section/Township/Range or Legal	Type of Easement	Recording Info Date Book & Page Fee No.
The westerly 8 feet of Lot 28, Punto De Vista, Unit 2, Tract 1060B		May 14, 1987 B1319 P252 Assigned to NMVC by mesne instrument February 23, 1995 B2530 P707 95-9288
The east eight feet of Lot 27, Punto De Vista, Unit 2, Tract 1060B		May 14, 1987 B1319 P253 Assigned to NMVC by mesne instrument February 23, 1995 B2530 P707 95-9288
The west 8 feet of Lot 7, Punto De Vista, Unit 3, Tract 1060C		May 14, 1987 B1319 P255 Assigned to NMVC by mesne instrument February 23, 1995 B2530 P707 95-9288
The west 8 feet of Lot 37, Punto De Vista, Unit 2, Tract 1060B		May 14, 1987 B 1319 P251 Assigned to NMVC mesne instrument February 23, 1995 B2530 P707 95-9288

Section/Township/Range or Legal	Type of Easement	Recording Info Date Book & Page Fee No.
The east 8 feet of Lot 38, Punto De Vista, Unit 2, Tract 1060B		May 14, 1987 B1319 P257 Assigned to NMVC by mesne instrument February 23, 1995 B2530 P707 95-9288
Portion of Parcel F, Sun Ridge Estates, Tract 4042B	ingress/egress and public utility easement for road and gate construction granted by NMVC to City of BHC	May 8, 2007 B6788 P227 Fee No. 200704231
Kingman Drive East of North Fork at Laughlin Ranch Unit 1, Tract 5151, Laughlin View Drive Right-of-Way East of North Fork at Laughlin Ranch Unit 1, Tract 5151 and Landon Drive Right-of-Way East of North Fork at Laughlin Ranch, Unit 1, Tract 5151	Public Utility Easement granted by Bullhead City Copper Bluffs, LP to City of Bullhead City and NMVC	November 2, 2011 2011055956
Easement to be acquired across APN 347-15-018 (future Landon Drive) Section 32, Township 21 North, Range 21 West	Public Utility Easement to be granted by Owner to City of Bullhead City and NMVC	Not yet obtained
State Land Department State of Arizona Right of Way No. 14-116492	Right of Way	January 11, 2013
State Land Department State of Arizona Right of Way No. 14-110152	50 year right of way for underground 8" and 12" potable water line	January 13, 2006

Schedule 2.2(c) Tangible Personal Property

WELLS

WELL #1
WELL #2
WELL #3
WELL SUNRIDGE
WELL SUNRIDGE
WELL RECASING
WELL #4 DEEPEMED
WELLS IMPROVEMENTS
SUNRIDGE WELL #3
WELL #6
SUNRIDGE D.E. & F
WIRING - WELLS
IMPROVEMENTS - WELL #3
WELL TRANSFORMER
T.B. WELL SITE #2 IMPR.
AIRPORT WELL
AIRPORT ELEC. CONDUIT
AIRPORT WELL
AIRPORT WELL LAUGHLIN
WELL #7 DEEPEMED
WELL #1 6" CASING
WELL #8
WELL #9
FLOW METER WELL #2
FLOW METER WELL #8
FLOW METER ZONE 2
AUC-NORTH FORK WELL

TOTAL WELLS

PUMPS

PUMP #1
ELECTRICAL EQUIP. #1
PUMP #2
PUMP #3
20 HP SUB. WELL #1
SUBMERSIBLE WELL #2
PHONE CABLE - CONTROLS
SUB. PUMP #4
BOOSTER PUMP #4
ELECTRICAL #4 & 5
PHONE CABLE #4 & 5
PUMP REPLACEMENT - WELL #
REBUILD #9 PUMP-TANK #1
WELL #1 PUMP
WELL #3 PUMP
T.B. SITE #3 PUMP
T.B. 60HP SUBMERS. MOTOR
WELL #4 PUMP (SPARE-2001)
60 HP SUBMERS. PUMP
REBUILD PUMP @ WELL #1
WELL #1 - REPLACE MOTOR
PUMP # @ SITE 2
REBUILD DOUGLAS 9CHC-3
SITE 1- GOULDS 9CHC-3
AIRPORT BOOSTER PUMP
WELL #1 - NEW MOTOR
WELL #5-PUMP & MOTOR
WELL #2 - NEW MOTOR
60 HP MOTOR - WELL #4
WELL #7 - REPLACE PUMP
60 HP FRANKLIN MOTOR
WELL #7 PUMP
WELL #2 PUMP & MOTOR
WELL #8 - REPLACE MOTOR
WELL #7-60 HP MOTOR & PUMP
SITE #3 60 HP SUB. MOTOR

SITE #3 20 HP SPARE MOTOR
 3652 PUMP END
 WELL #4 PUMP
 WELL #5 - REPLACE MOTOR
 WELL #5 35 HP SUB MOTOR
 WELL #2 35 HP PUMP
 2" MONICA POWERED PUMP
 WELL #7 60 HP MOTOR
 100 HP CENTRIFUGAL MTR-28
 WELL #8 - REPLACE MOTOR
 WELL #3 - REPLACE MOTOR
 WELL #2 30 HP PUMP
 WELL #7 - 80 HP MOTOR
 WELL #10 - 100 HP MOTOR
 WELL PUMP
 90 HP MOTOR @ SITE 3

TOTAL PUMPS

WATER TREATMENT EQ.
 CHLORINATOR
 4 WELL CHLORINATORS
 CHLORINATOR PANEL
 DISINTEGR
 4 P 3000 CHLORINATORS
 2 AUTOMATIC CHLORINATORS
 PELLET CHLORINATOR

TOTAL WATER TREATMENT EQ.

TANKS

TANK #1
 12500 PRESS TANK
 SUNRIDGE 300 M STORAGE
 SUNRIDGE 300 M STORAGE
 SUNRIDGE PRESS TANK
 SUNRIDGE D.E. & F
 THUMB BUTTE 800,000 GAL. T.
 THUMB BUTTE 800,000 GAL. T.
 T.B. TANK SITE #4 5000
 AIRPORT TANKS
 800,000 GAL. TANK
 PEGASUS RANCH RD. TANK
 2 - 300,000 GAL. TANKS
 300 M GST TANK 1 IMPR.
 300 M GST TANK 3 IMPR.
 300 M GST TANK 1 IMPR.
 300 M GST TANK 3 IMPR.
 300 M GST TANK 1 IMPR.
 300 M GST TANK 3 IMPR.
 AIAC-NORTH FORK TANK

TOTAL TANKS

MAINS

PIPE 8500' - 4"
 PIPE 97000' - 8" 140000'
 SUNRIDGE A - 11400' - 8"
 SUNRIDGE A - 11000' - 6"
 SUNRIDGE A - 1060' - 3"
 SUNRIDGE B - 8100' - 8"
 SUNRIDGE B - 10510' X 6"
 SUNRIDGE B - 1530' - 3"
 TRANS MAIN 8330' - 8"
 RELOCATE LINES-RODGEVIEW
 SUNRIDGE C
 ACC RATE CASE ADJUSTMENT
 SUNRIDGE D.E. & F
 140 LF 12" LINES
 360 LF 4" PVC CONDUIT
 AIRPORT - 12" LINE
 THUMB BUTTE
 4" LINE @ EL PASO RD.
 MASTER SYSTEM DESIGN
 MAINS-M.C. AIRPORT AUTH.
 AIRPORT MAINS
 AIRPORT MAINS
 30 TONS HOT MIX
 AIRPORT EXTENSION
 AIAC - THE VINEYARDS
 AIAC - AIRPORT ON-GITE FAC.
 AIAC-MONAVE LAND LLC
 HIGHWAY 46 CROSSING
 AIAC-MONAVE LAND LLC
 AIAC-MONAVE LAND LLC
 AIAC-PARADISE AIRPARK II
 12" TRANSMISSION LINE
 AIAC-SUNRIDGE 4040-J
 AIAC-VINEYARD @SR 11, 5071
 AIAC-VINEYARD @SR 11
 AIAC-DES. SHUTAL PT 182
 AIAC-DES. 3 1/2" ANULOW EST
 12" WATERLINE @ AIRPARK
 AIAC-NORTH FORK MAINS

TOTAL MAINS

SERVICE LINES SERVICES

SERVICES - AMPM
SUNBRIDGE D.E. & F.
AMC-PARKWAY APPARUS
AMC-DES. SH 2/THL PT 1&2
AMC-DES. SH 2 AVALON EST

TOTAL SERVICE LINES

METERS

METERS
METERS
METERS
METERS
METERS
2" PUX 200' METER
2" PRECISION METER
1" FIRE HYDRANT METER
1" METER
2" - 2" METERS
2" METER
8" 600CM METERS
METERS-36 4" 3/4"
METERS-2 1-1/2"
METERS-12 6" 3/4"
METERS-8 6" 3/4"
METERS-10 2"
METER-2"
METERS-8 3/4"
METER-2" PUX
METERS-2 1-1/2"
METERS-2 1" REMOTE
METERS-2 1" REMOTE
METERS-4 3/4"
METERS-2 6" 3/4"
METERS-4 1-1/2" REMOTE
METERS-3 1" TRPL
METERS-6 6" 3/4" TRPL
4" 2" BLANKS D.E. & F.
MICROMETER FIRE HYDRANT
20 6" 3/4" METERS & VALVE
22 6" 3/4" METERS
2" METERS
1-1 1/2" METER
32 6" 3/4" METERS
1-1" METERS
6 6" 3/4" METERS
1-3/4" METER
1-600CM SENSUS METER
4-001AS FLOW METERS
6 6" 3/4" METERS
1.0 METER 233 6" 3/4"
1-1 1/2" METER
6-1" METERS
6 6" 3/4" METER
10 6" 3/4" METERS
12 6" 3/4" METERS
1" FIRE HYDRANT METER
4-1" 6" METERS
18 6" 3/4" METERS
2-1" 6" METERS
4-1" 6" METERS
18 6" 3/4" METERS (NY)
12 6" 3/4" METERS
1" METER (NY)
2-1" METERS (NY)
32 6" 3/4" METERS
28 6" 3/4" METERS
36 6" 3/4" METERS
18 6" 3/4" METERS
2-1" 6" METERS
1-2" 6" TRPL 1000' METERS
23 6" 3/4" 6" METERS
2 METER BOXES AT SITE 1
2 ELECTRICAL METERS
TIME-OF-USE METER
1 FIRE HYDRANT METER
12 6" 3/4" METERS
12 6" 3/4" DIALOG METERS
24 6" 3/4" DIALOG METERS
4" FIRE HYDRANT METER
12 6" 3/4" DIALOG METERS
14 6" 3/4" 6" METERS
5 6" 3/4" METERS
108 6" 3/4" DIALOG METERS
12 6" 3/4" DIALOG METERS
60 6" 3/4" METERS
3 6" 3/4" 6" METER REG.
4" FIRE HYDRANT METER
11 6" 3/4" 6" METERS
FIRE HYDRANT METER
1-1 1/2" METER
12 6" 3/4" METERS
1-1" METER
74-6" METERS
24-50 METERS
7-60 METERS
1-2" METER
3-1" METER
2-3/4" METERS
2-60 METERS
28-60 REGISTERS
132-60 METERS

3 TIME-OF-USE METERS
 14 5/8" X 3/4" METERS
 48 5/8" X 3/4" METERS
 2 - 1" METERS
 3 - 2" METERS
 2 - 3" METERS
 1 HYDRANT METER
 1 HYDRANT METER
 1 - 2" METER
 1 - 1" METER
 3 - 1" METERS
 58 - 5/8" X 3/4" METERS
 2 - 2" METERS
 14 5/8" X 3/4" METERS
 60 - 3/4" METERS
 2 - 1" METERS
 1 - 2" METER
 1 - 1 1/2" METER
 1 - 1 1/2" METER
 1 - 2" PLG METER
 103 - 5/8 X 3/4" METERS
 2 HYDRANT METERS
 3 - 1 1/2" METERS
 2 - 2" METERS
 147 5/8 X 3/4" METERS
 1 - 2" METER
 30 - 5/8 X 3/4" METERS
 HYDRANT METER
 24 - 5/8 X 3/4" METERS
 1 - 1 1/2" METER
 HYDRANT METER
 1 - 1 1/2" METER
 24 - 5/8 X 3/4" METERS
 12 - 5/8 X 3/4" METERS
 1 - 1" METER
 68 - 5/8 X 3/4" METERS
 HYDRANT METER
 1 - 3/4" SINGLES METER
 2 - 1 1/2" METERS
 33 - 3/4" METERS
 128 - 3/4" METERS
 1 - 1" METER
 2 - 1 1/2" METERS
 8 - 2" METERS
 7 HYDRANT METERS
 DRAIN BY METER SYSTEM
 1 - 1" METER
 2 - 2" METERS
 38 - 3/4" METER TRANSCEIVERS
 43 - 1" METER TRANSCEIVERS
 34 - 1 1/2" METER TRANSCEIVERS
 48 - 1" METER TRANSCEIVERS
 1815 - 3/4" METERS
 MAG METER & VAULT
 31 - 5/8 X 3/4" METERS
 8 - 1" METERS
 9 - 1 1/2" METERS
 22 - 1" METERS
 2 - 5/8 X 3/4" METERS
 1 - 1" METER
 1 - 2" METERS
 2 - 3/4" INTERNAL REGISTERS
 7 - 3/4" METERS
 1 - 2" METER
 4 - 2" METERS
 4 - 3/4" METERS
 1 - 1" METER
 1 - 2" METER
 3 - 3/4" METERS

TOTALS METERS

TRUCKS & EQUIPMENT
 1997 DODGE TRUCK
 UTILITY BED & PIPE RACK
 BACKHOE
 1987 SUZUKI SAMARAI
 2000 NISSAN TRUCK
 2002 FORD EXPLORER
 2000 FORD 5-DUTY F-35
 2002 NISSAN TRUCK
 BACKHOE/LOADER
 BOBCAT MODEL 226
 TOWMASTER TILT BED
 2010 FORD EDGE

TOTAL TRUCKS

TOOL & WORK EQ.
 SENSER PHONE
 LEAK DETECTOR
 METER READING EQUIPMENT
 PORTABLE METER TESTER
 TUBERLINE TOP-SIDE CLAMP
 VERSAPROBE READING W/VA
 METAL DETECTOR TOOL
 TOOL BOX COVER
 MINT PROGRAMMER
 HUNCO 3/4" DR. TRAILER
 CONCRETE SAW
 COMPACTOR

FLOW METER TESTING EQ.
TOTAL TOOLS & WORK EQ.

OFFICE EQUIPMENT
SOFTWARE
EPSON PRINTER
COMPUTER SYSTEM
PRINTER
CASH DRAWER
NETWORK SOFTWARE
NETWORK COMPUTER SYST.
LASER PRINTER
SERVER & COMPUTERS
CONTROL HOUSE COMPUTER
STAR RECEIPT PRINTER

TOTAL OFFICE EQUIPMENT

LEASEHOLD IMPROVEMENTS
OFFICE REMODELING

TOTAL LEASEHOLD IMPROVEMENTS

HYDRANTS
SUNRIDGE A
SUNRIDGE B
SUNRIDGE DLE & F
AIRPORT HYDRANTS
AAC-AIRPORT 6 HYDRANTS
AAC-MOHAVE LAND LLC
AAC-PARANAHY AIRPARK II
AAC-DEB. SM 21AL PT 152
AAC-DEB. SM 2 AVAILON EST
AAC-NORTH FORK HYDRANTS

TOTAL HYDRANTS

COMPUTER SYSTEM
THURS SUITE COMPUTER
T.B. COMPUTER UPGRADE
AIRPORT COMPUTER SYST.
LUCAS CONTROL SYSTEM
CONTROL SYS. SERIAL CABLE
CONTROL CABLE
CONTROL CABLE
CONTROL SYSTEM UPGRADE
WEATHER STATION
CONTROL SYSTEM UPGRADE
RADIO MODEM
RADIO MODEM
H&R COMPUTER SYSTEM

TOTAL COMPUTER SYSTEM

RATE CASE AND ADJUSTMENT

GRAND TOTALS

NORTH MOHAVE VALLEY CORP.
SCHEDULE OF INVENTORY AT 12/31/12
FN:2012INVENTORY

ITEM	PURCHASED FROM	VALUE
530 - 5/8 x 3/4" Meters PRICED @ \$100 EACH + 7.6% TAX = \$107.60	MASTER METER, INC.	[REDACTED] INVOICES ATTACHED TO 2009 INVENTORY SCHEDULE
1 - 1" Meter	MASTER METER, INC.	[REDACTED] SEE ATTACHED INVOICE
TOTAL INVENTORY 12/31/12		[REDACTED]

METERS IN PLACE AS OF 12/31/12

5/8 X 3/4"	1895
1"	45
1-1/2"	27
2"	52
TOTAL	2019

NEW METERS INSTALLED INTO SYSTEM DURING 2012

5 - 5/8 X 3/4" METERS
2 - 2" METERS

METERS REMOVED FROM SYSTEM DURING 2012

1 - 1-1/2" METER WAS REMOVED AT CUSTOMER REQUEST IN OCT. 10'12
STONERIDGE APT. METER NOT BEING USED

2012 INVENTORY NOTES

DOUG DID A PHYSICAL INVENTORY COUNT ON 12/28/12
HE SHOWS 91 CASES @ 8 PER CASE PLUS 2 SINGLES OF 3/4 X 5/8" METERS WHICH TOTALS 548
I AM UNABLE TO RECONCILE THE DISCREPANCY SO AM USING PREVIOUS YEAR INVENTORY LESS
NEW METERS INSTALLED DURING 2012.
HE DIDN'T OPEN THE CASES, SO SOME MAY CONTAIN RECONDITIONED METERS.

INVENTORY PER BOOKS @ 12/31/12

	BOOK INVENTORY 12/31/2011	PURCHASED DURING 2012	INSTALLED DURING 2012	ENDING INVENTORY 12/31/2012
5/8"x3/4"	535	0	5	530
1"	0	2	1	1
1-1/2"	0	0	0	0
2"	0	1	2	0

2 NEW 2" METERS WERE INSTALLED INTO THE SYSTEM DURING 2012. WE PURCHASED ONE AND
THE OTHER WAS FOUND IN THE SHOP. THIS MAY ACCOUNT FOR THE ONE MISSING AT THE END OF
2010

2 - 1" METERS WERE PURCHASED DURING 2012. ONE WAS USED TO REPLACE A "DAMAGED
BEYOND REPAIR" METER AND THE OTHER REMAINS IN INVENTORY.



Remittance Address:
MASTER METER, INC.
C/O Southwest Bank
P.O. Box 16549
Fort Worth, TX 76162
817-842-8000

Warehouse/Return Address:
MASTER METER, INC.
101 REGENCY PKWY
MANSFIELD, TX 76063

Page: 1

Please visit us on the web at WWW.MASTERMETER.COM

Invoice Number: 0202439-1N
Invoice Date: 6/5/2012
Due Date: 7/5/2012

Order Number: 0151934
Order Date: 5/31/2012
Salesperson: 0856

Customer Number: 0045922

CUSTOMER

Sold To:
North Mohave Valley Corp.
P.O. Box 22496
Bullhead City, AZ 86439

Ship To: NMV
North Mohave Valley Water
752 Pegasus Ranch
702 528 0373
Bullhead City, AZ 86429

Confirm To:
Scott

Customer P.O. 05232012DW	Ship Date 6/4/2012	Ship VIA FEDEX	RMA NO.	FBO Shipping Point prepay&charge	Terms Net 30 Days																														
Ordered	Shipped	Back Ord	Item Number	Item Description	Price Amount																														
Tracking Numbers: 075701830139017; 2 2 0 BL09-1TD-AAA-2 1" BL USG 3GDS PL - SG																																			
Special pricing quote																																			
2-1" Meters																																			
<table border="1"><thead><tr><th>Amount</th><th>Job #</th><th>Cost Code</th><th>Unit #</th><th>G/L-CT</th></tr></thead><tbody><tr><td></td><td></td><td></td><td></td><td>334</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></tbody></table>						Amount	Job #	Cost Code	Unit #	G/L-CT					334																				
Amount	Job #	Cost Code	Unit #	G/L-CT																															
				334																															
Vendor # Co. # Bookkeeper Approved By																																			
1-Meter replaced a "damaged beyond repair" meter For Acct # 80630180 The other is in inventory as of 6/13/12																																			
CLAIMS FOR SHORTAGES OR DEFECTIVE MATERIAL MUST BE MADE WITHIN 16 DAYS OF RECEIPT. PRIOR APPROVAL MUST BE OBTAINED BEFORE RETURNING ANY MATERIAL		RETURNED ITEMS SUBJECT TO A RESTOCKING CHARGE		PLEASE REMIT ALL PAYMENTS TO PO BOX 16549 FT WORTH, TX 76162																															
				Net Invoice: S & H: Sales Tax: Invoice Total:																															



Remittance Address:
MASTER METER, INC.
C/O Southwest Bank
P.O. Box 16549
Fort Worth, TX 76162
817-842-8000

Warehouse/Return Address:
MASTER METER, INC.
101 REGENCY PKWY
MANSFIELD, TX 76063

Page: 1

Invoice Number: 0207018-IN
Invoice Date: 9/14/2012
Due Date: 10/14/2012

Order Number: 0155456
Order Date: 9/11/2012
Salesperson: 0856

Customer Number: 0045922

Please visit us on the web at WWW.MASTERMETER.COM

CUSTOMER

Sold To:
North Mohave Valley Corp.
P.O. Box 22495
Bullhead City, AZ 86439

Ship To: NMV
North Mohave Valley Water
752 Pegasus Ranch
928.763.5655
Bullhead City, AZ 86429

Confirm To:
EDMUND ZARZYCKI

Customer P.O. 12005	Ship Date 9/13/2012	Ship VIA FEDEX	RMA NO.	FBO Shipping Point PREPAY & ADD	Terms Net 30 Days	
Ordered	Shipped	Back Ord	Item Number	Item Description	Price	Amount
Tracking Numbers:		075701830181163;				
1	1	0	MJ13-1MD-AAA-2	2" USG 3G DS W/PL MJ		
UC # 39						

For Inventory for Doug

Amount	Job #	Cost Code	Unit #	G/L-CT
				334
Vendor # Co. # 2 Bookkeeper Approved By				

This meter was installed into system on
11/6/12 For Katherine's Heights
Acct # 90239000

CLAIMS FOR SHORTAGES OR DEFECTIVE MATERIAL MUST BE MADE WITHIN 18 DAYS OF RECEIPT. PRIOR APPROVAL MUST BE OBTAINED BEFORE RETURNING ANY MATERIAL.	RETURNED ITEMS SUBJECT TO A RESTOCKING CHARGE	PLEASE REMIT ALL PAYMENTS TO PO BOX 16549 FT WORTH, TX 76162	Net Invoice: S & H: Sales Tax: Invoice Total:
--	---	--	--

Schedule 2.2(d)

Permits

1. Arizona Corporation Commission Decision No. 46690 (Certificate of Convenience and Necessity).
2. Arizona Corporation Commission Decision No. 54285 (Certificate of Convenience and Necessity).
3. Arizona Corporation Commission Decision No. 57989 (Certificate of Convenience and Necessity).
4. Arizona Corporation Commission Decision No. 57992 (Certificate of Convenience and Necessity).
5. Franchise Agreement granted by Bullhead City to North Mohave Valley Corp. by Ordinance No. 90-326 dated April 4, 1990.
6. Franchise Agreement granted by Mohave County to North Mohave Valley Corporation, Inc., Agreement No. 37 dated June 18, 1990.
7. Sub-Contract between City of Bullhead City and North Mohave Valley Corporation for use of Colorado River water dated July 18, 1995.
8. Sub-Contract between Mohave Water Conservation District and North Mohave Valley Water Co. for use of Colorado River Waters dated October 9, 2006.
9. Line Extension Agreement with Mohave County Airport Authority dated December 31, 2003, Home Depot.
10. Line Extension Agreement with Mohave County Airport Authority dated December 31, 2003, in Section 31 at the Laughlin/Bullhead International Airport.
11. Line Extension Agreement with Parkway Airpark II dated March 1, 2004, Bullhead Airpark Unit 4, Tract 5113.
12. Line Extension Agreement with XLC McCormick dated September 7, 2005, Sunridge, Tract 4042-J.
13. Line Extension Agreement with XLC McCormick dated September 7, 2005, The Vineyard at Sunridge, Unit II, Tract 5071.

14. Line Extension Agreement with XLC McCormick dated September 7, 2005, The Vineyard at Sunridge, Unit 3.
15. Line Extension Agreement with Mohave Land, LLC dated January 1, 2006, Talon Point Units 1 and 2 and Desert Shores Unit 2.
16. Line Extension Agreement with Mohave Land, LLC dated January 1, 2006, Talon Point Units 1 and 2 and Desert Shores Unit 2.
17. Line Extension Agreement with Mohave Land, LLC dated January 1, 2006, Desert Shores Unit 2, Avalon Estates.
18. Line Extension Agreement with NF-47, LLC dated October 31, 2012, North Fork at Laughlin Ranch, Tract 5151.
19. Line Extension Agreement with Mohave County Airport Authority dated February 12, 2013 Aircraft Rescue Fire Fighting (ARFF) Station at Laughlin Bullhead Airport.
20. Line Extension Agreement with McCormick Properties II dated February 21, 2013, Desert Canyon at Sun Ridge, Tract 5156.
21. Agreement to Provide Water Service under Master Meter to Katherine Heights Community
22. Miscellaneous Agreements to provide water service to North Mohave Valley Corp. customers, including obligations relative to meter and security deposits
23. Software license for SoftWater Version 2.16.11 from InteData Systems
24. Master software license for Master Link Data Collection System by Greentree Applied Systems, Inc.
25. Software License Agreement for WonderWare
26. Program written by Skip L. Landon customizing control strategies for WonderWare software for North Mohave Valley Corp.

**Schedule 2.2(g)
Vehicles**

Make/Year	Model	Body Style	VIN
2010 FORD	GAL	4DSW	2FMDK4JC3ABA85245
2007 TRAIL	T12U	UT	5UCPU21237A000271
2005 FORD		CB	1FDSX34P85EA39910
2002 NISS	FKX	12PU	1N6DD26S22C328965

Schedule 2.2(i)
Assumed Contracts

1. Franchise Agreement granted by Bullhead City to North Mohave Valley Corp. by Ordinance No. 90-326 dated April 4, 1990
2. Franchise Agreement granted by Mohave County to North Mohave Valley Corporation, Inc., Agreement No. 37 dated June 18, 1990
3. Sub-Contract between City of Bullhead City and North Mohave Valley Corporation for use of Colorado River water dated July 18, 1995
4. Sub-Contract between Mohave Water Conservation District and North Mohave Valley Water Co. for use of Colorado River Waters dated October 9, 2006
5. Line Extension Agreement with Mohave County Airport Authority dated December 31, 2003, Home Depot.
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7. Line Extension Agreement with Parkway Airpark II dated March 1, 2004, Bullhead Airpark Unit 4, Tract 5113.
8. Line Extension Agreement with XLC McCormick dated September 7, 2005, Sunridge, Tract 4042-J.
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21. Software License Agreement for WonderWare
22. Program written by Skip L. Landon customizing control strategies for WonderWare software for North Mohave Valley Corp.

SCHEDULE 2.2(j) REDACTED

Schedule 2.3(d)
Itemized Excluded Assets

NONE

SCHEDULE 2.5 REDACTED

Schedule 3.1
Seller's Regulatory Rate Base as of December 31, 2012

	December 31, 2012
PP&E	9,551,285
Depredation	(3,996,075)
Gross Utility Plant	5,555,210
CWIP	28,918
Inventory	57,340
Meter and Service line Advances	(41,509)
AIAC	(1,991,026)
CIAC	(2,521,089)
Amort CIAC	1,049,176
Rate Base	2,137,020

Schedule 3.4
Itemized Permitted Encumbrances

NONE

Schedule 4.2
Seller's Conflicts and Consent

i. None

2(ii) Consent

- (a) Arizona Corporation Commission - Approval of Transaction
- (b) City of Bullhead City - Approval of Assignment of Franchise Agreement
- (c) Mohave County - Approval of Assignment of Franchise Agreement
- (d) City of Bullhead City - Approval of Assignment of Sub-Contract for the Delivery of Water
- (e) Mohave Water Conservation District- Approval of Assignment of Sub-Contract for the Delivery of Water
- (f) IntreData Systems - Approval of Assignment of software license, only if assignable
- (g) Greentree Applied Systems, Inc. - Approval of Assignment of software license, only if assignable
- (h) WonderWare - Approval of Assignment of software license, only if assignable
- (i) State of Arizona Land Department - Approval of Assignment of Right of Way Permit Nos. 14-116492 and 14-110152

Schedule 4.3
Litigation

NONE

Schedule 4.4
Compliance with Law

NONE

Schedule 4.5
Seller Encumbrances

NONE

Schedule 4.6
Listing of Leased Items

NONE

SCHEDULE 4.9(i) REDACTED

SCHEDULE 4.9(ii) REDACTED

SCHEDULE 4.9(iii) REDACTED

4.9(iv) - Software Licenses

1. Software license for SoftWater Version 2.16.11 from InteData Systems
2. Master software license for Master Link Data Collection System by Greentree Applied Systems, Inc.
3. Software License Agreement for WonderWare
4. Program written by Skip L. Landon customizing control strategies for WonderWare software for North Mohave Valley Corp.

Schedule 4.10
Environmental Matters

NONE

Schedule 5.2

Buyer Conflicts and Consents

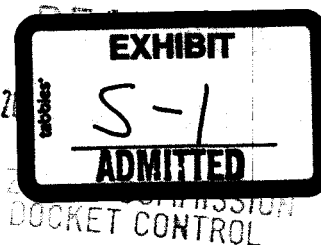
Buyer is required to obtain the approval of the Arizona Corporation Commission to the consummation of the transactions contemplated in this Agreement.

MEMORANDUM

LEGAL

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division



Date: August 6, 2013

RE: IN THE MATTER OF THE JOINT APPLICATION OF NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER ARIZONA INC. FOR APPROVAL OF THE SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138)

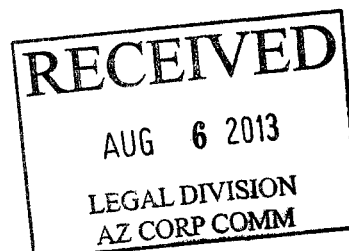
Attached is the Staff Report for the Joint Application of North Mohave Valley Corporation and EPCOR Water Arizona, Inc. for a sale of assets and transfer of North Mohave Valley Corporation's Certificate of Convenience & Necessity and its customers to EPCOR Water Arizona, Inc. Staff recommends approval of the transfer with conditions.

SMO:PJG:tdp\ML

Originator: Pamela J. Genung

Attachment: Original and Thirteen copies

FILE COPY



SERVICE LIST FOR: NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER
ARIZONA INC.

DOCKET NOS.: W-02259A-13-0138 AND W-01303A-13-0138

Jamie Kelley
William D. Condray
Kelley Moss PLLC
2031 Highway 95
Bullhead City, Arizona 86442

Thomas H. Campbell
Matthew Bingham
Lewis and Roca LLP
40 North Central Avenue
Phoenix, Arizona 85004

Janice Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Lyn Farmer
Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

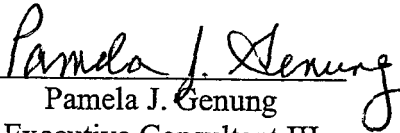
NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER ARIZONA INC.
DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138

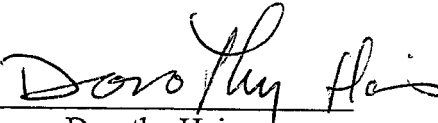
IN THE MATTER OF THE JOINT APPLICATION OF NORTH MOHAVE VALLEY
CORPORATION AND EPCOR WATER ARIZONA INC. FOR APPROVAL OF THE SALE
OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY

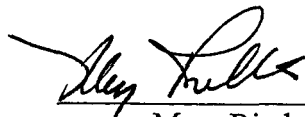
AUGUST 6, 2013

STAFF ACKNOWLEDGMENT

The Staff Report for North Mohave Valley Corporation and EPCOR Water Arizona, Inc., Docket Nos. W-02259A-13-0138 and W-01303A-13-0138, was prepared by the Staff members shown below.


Pamela J. Genung
Executive Consultant III


Dorothy Hains
Utilities Engineer


Mary Rimback
Public Utilities Analyst I

EXECUTIVE SUMMARY
NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER ARIZONA INC.
DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138

On May 17, 2013, North Mohave Valley Corporation ("NMV") and EPCOR Water Arizona Inc. ("EPCOR") (together, the "Applicants") filed a Joint Application with the Arizona Corporation Commission ("Commission") requesting approval pursuant to Arizona Revised Statutes § 40-285 and Arizona Administrative Code R14-2-402 of the sale of assets and transfer of NMV's Certificate of Convenience and Necessity ("CC&N") and its customers to EPCOR. NMV is an Arizona public service corporation and was granted a CC&N by the Commission in Decision Nos. 46690, 54285, 57989, and 57992. NMV's current CC&N service area consists of approximately six square miles in Bullhead City, Arizona.

The owners of NMV have been operating the water company for more than thirty (30) years and want to divest. EPCOR is an Arizona public service corporation and is authorized to provide water utility service in eight districts within Arizona. Among the eight (8) water districts operated by EPCOR is the Mohave Water District which is located primarily just south of NMV's certificated service area. NMV's assets will be transferred to EPCOR's – Mohave Water District ("EPCOR-Mohave"). The Applicants state that approval of the Application will benefit the customers of both companies as the proximity of the two water systems presents the opportunity for present and future customers within those service areas to benefit from operational synergies.

ADEQ reported that both the NMV system and the EPCOR-Mohave water systems have no major deficiencies and are delivering water that meets water quality standards required under Federal Regulations and Arizona Administrative Code. Both NMV and EPCOR-Mohave certificated areas are not located within an ADWR Active Management Area ("AMA"). ADWR has determined that both NMV and EPCOR-Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.

The Application requests approval of the sale and transfer of NMV's assets and CC&N and for the Commission to confirm that NMV's rate base as of December 31, 2012 was \$2,137,020. In addition, EPCOR requests that the Commission finds the additional ten percent of rate base payment, as specified in the purchase agreement, to be in the public interest and to approve, in principle, rate recovery of and on this payment to occur in North Mohave's next rate case. Staff concludes the following pertaining to the requests of the Applicants:

- that establishing a rate base value is premature in this proceeding because such a determination is better made in the context of a rate case; accordingly, the request for confirmation that NMV's rate base as of December 31, 2012, was \$2,137,020 should be denied; and
- that determination regarding the recovery of the additional ten percent of rate base payment or any other payment is premature and is better determined in the context of a rate case.

Staff recommends that the Commission approve the sale of assets and transfer of the CC&N of NMV with the condition that EPCOR complies with the following:

1. EPCOR file with Docket Control, as a compliance item in the docket, a Cross Connection & Backflow Tariff for NMV's certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding;
2. EPCOR file with Docket Control, as a compliance item in the docket, EPCOR-Mohave's BMP Tariffs for the NMV certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding;

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
BACKGROUND.....	1
THE APPLICATION.....	1
WATER SYSTEM, OPERATION, AND RATES.....	2
COMPLIANCE WITH THE ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR").....	3
STAFF CONCLUSIONS.....	3

ATTACHMENT(S)

ENGINEERING MEMORANDUM.....	A
FINANCIAL AND REGULATORY ANALYSIS MEMORANDUM.....	B
ENGINEERING MAP.....	C

INTRODUCTION

On May 17, 2013, North Mohave Valley Corporation ("NMV") and EPCOR Water Arizona, Inc. ("EPCOR") (together, the "Applicants") filed a Joint Application with the Arizona Corporation Commission ("Commission") requesting approval pursuant to Arizona Revised Statutes § 40-285 and Arizona Administrative Code R14-2-402 of the sale of assets and transfer of NMV's Certificate of Convenience and Necessity ("CC&N") and its customers to EPCOR.

On May 31, 2013, the Applicants filed a Request for a Procedural Conference.

On June 6, 2013, the Applicants filed a Notice of Errata containing a revised map which identifies NMV's certificated service area.

On June 12, 2013, Staff filed a Letter of Sufficiency.

On June 19, 2013, a Procedural Order was issued setting a Hearing.

On July 16, 2013, the Applicants filed a Proof of Publication and Certification of Mailing of the public notice related to this transaction.

BACKGROUND

NMV is an Arizona public service corporation and is authorized to provide water utility service within Bullhead City, Arizona under a CC&N granted by the Commission in Decision Nos. 46690, 54285, 57989, and 57992.¹ NMV currently serves approximately 2,000 connections and its existing service area of approximately six square miles. NMV's current water system consists of eight wells, with a total capacity of approximately 1,572 gallons per minute, seven storage tanks, with a combined capacity of 2.5 million gallons, three booster pump stations, and a distribution system.

EPCOR is an Arizona public service corporation and is authorized to provide water utility service in eight districts within Arizona. Among the eight (8) water districts operated by EPCOR is the Mohave Water District which is located primarily just south of NMV's certificated service area. EPCOR currently serves over 123,000 water customers throughout Arizona, which includes approximately 17,000 customers in its Mohave Water District.

THE APPLICATION

The Applicants are requesting approval to transfer the assets, customer base, and CC&N of NMV to EPCOR. The Applicants entered into a Purchase Agreement on April 19, 2013, and plan to close the transaction within thirty (30) days after the Commission's approval of the

¹ Decision No. 46690, granted January 20, 1976; Decision No. 54285, granted December 20, 1984; Decision No. 57989, granted August 26, 1992; and Decision No. 57992, granted August 26, 1992.

Application. EPCOR will pay the full purchase price in cash. As specified in the Application, the owners of NMV have been operating the water company for more than thirty (30) years and now want to divest.

The Applicants have indicated that, NMV's customers will continue to receive water utility service at their current tariffed rates following the closing of the acquisition. EPCOR provided Staff with a draft customer notice for review with intentions of issuing the customer notice to the NMV customers prior to the hearing date of August 21, 2013. Staff reviewed the draft customer notice and finds it acceptable on the premise that additional communications will be provided to those customers when more information is available. As specified in Attachment A, NMV's assets will be transferred to EPCOR's - Mohave Water District ("EPCOR-Mohave"). In addition, all customer security deposits, developer deposits and prepayments under any line extension agreement held by NMV will be transferred to EPCOR. EPCOR will also assume the refunding obligations, if any, for those deposits and prepayments.

Mr. Charles D. Evans is currently the Arizona Certified Water Operator for EPCOR in Arizona. Upon closing of the transaction, Mr. Evans will also assume the responsibility as the Arizona Certified Water Operator for the former NMV water system.

The Applicants state that approval of the Application will benefit the customers of both companies as the proximity of the two water systems present the opportunity for present and future customers to benefit from operational synergies. Additional benefits to the NMV customers include: implementation of EPCOR's best management practices, maintenance management, environmental and water quality compliance management, hydraulic modeling, and Geographic Information System ("GIS") systems. The NMV customers will also be integrated into EPCOR's customer service and billing systems. Those customers will also benefit from EPCOR's financial strength. As stated in the Application, EPCOR's customers in the Mohave Water District are expected to benefit from the deferral or avoidance of water production capital improvement costs to provide a redundant water supply due to the interconnection with the NMV system. NMV's customers may also benefit from the new interconnection in emergency situations.

The Applicants request that the Commission: 1) approve the sale of NMV's assets to EPCOR, 2) approve the transfer of NMV's CC&N to EPCOR, and 3) confirm that NMV's rate base as of December 31, 2012 was \$2,137,020. In addition, EPCOR requests that the Commission finds the additional ten percent of rate base payment, as specified in the purchase agreement, to be in the public interest and to approve, in principle, rate recovery of this payment to occur in North Mohave's next rate case.

WATER SYSTEM, OPERATION, AND RATES

ADEQ reports that both the NMV and EPCOR-Mohave water systems have no major deficiencies and are delivering water that meets water quality standards required by 40 CFR 141

(National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

As described more fully in Attachment A, NMV's current water system consists of eight active wells, with a total pumping yield of 1,680 gallons per minute; seven active storage tanks with total storage capacity of 2.5 million gallons; one 2,100 gallon pressure tank; and a distribution system serving approximately 2,020 metered connections. Staff concludes that water systems in both NMV and EPCOR-Mohave have adequate production and storage capacity to serve existing customers and reasonable growth.

Since January 1, 2010, the Consumer Services Division has received four consumer complaints against NMV, one complaint remains open pending investigation.

Since January 1, 2010, the Consumer Services Division 40 consumer complaints against EPCOR-Mohave, all of which have been resolved and closed.

The Corporations Division indicates that NMV and EPCOR are in good standing. The Compliance Section also states that there are no delinquencies for either company.

NMV's last rate case was in 1997. EPCOR is not seeking, as part of this Application, to change any of the rates currently paid by NMV's customers.

COMPLIANCE WITH THE ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR")

Neither NMV or EPCOR-Mohave certificated areas are located within an ADWR Active Management Area ("AMA"). ADWR has determined that both NMV and EPCOR-Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.

STAFF CONCLUSIONS

Staff concludes:

- that establishing a rate base value is premature in this proceeding because such a determination is better made in the context of a rate case; accordingly, the request for confirmation that NMV's rate base as of December 31, 2012, was \$2,137,020 should be denied;
- that determination regarding the recovery of the additional ten percent of rate base payment or any other payment is premature and is better determined in the context of a rate case;

- that the proposal to transfer all obligations for customer security deposits to EPCOR is reasonable and should be adopted; and
- that the proposal to transfer all obligations pertaining to developer deposits and prepayments to EPCOR is reasonable and should be adopted.
- that the transaction will not impair the ability of EPCOR to provide services in any of its service areas and is in the public interest.

RECOMMENDATION

Staff recommends that the Commission approve the sale of assets and transfer of the CC&N of NMV with the condition that the Company complies with the following:

1. EPCOR file with Docket Control, as a compliance item in the docket, a Cross Connection & Backflow Tariff for NMV's certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding;
2. EPCOR file with Docket Control, as a compliance item in the docket, EPCOR-Mohave's BMP Tariffs for the NMV certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding.

MEMORANDUM

DATE: August 6, 2013

TO: Pamela Genug
Executive Consultant III

FROM: Dorothy Hains, P. E. *DH*
Utilities Engineer

RE: The Joint Application of North Mohave Valley Corporation and EPCOR Water Arizona Inc. for Approval to Sale the Assets and Transfer of the Certificate of Convenience and Necessity of North Mohave Valley Corporation to EPCOR Water Arizona Inc. (Docket Nos. W- 02259A-13-0138 and W-01303A-13-0138)

INTRODUCTION

On May 17, 2013, North Mohave Valley Corporation ("NMV") and EPCOR Water Arizona Inc. ("EPCOR") jointly filed an Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of the NMV water system assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to EPCOR Water Arizona Inc. ("EPCOR"). The purpose of this Application is to obtain Commission approval of the transfer of the NMV water system assets and CC&N to EPCOR – Mohave Water District ("EPCOR-Mohave").

The Commission granted NMV a CC&N in Decision No. 46690 dated January 20, 1976. NMV provides water service near the City of Bullhead City in Mohave County, Arizona and NMV's CC&N covers an area of approximately six square miles including all of Sections 21, 27, 31, 32 and 33 in Township 21 North, Range 21 West, and portions of Sections 9, 29 and 30 in Township 21 North, Range 21 West. At the end of year 2012 NMV served 2,019 metered customers. The majority of those metered customers were residential customers.

WATER SYSTEM

I. NMV System

According to data in the Company's 2012 Annual Report filed with the Commission, the NMV water system consists of eight active wells (total pumping yields 1,680 gallons per minute), seven active storage tanks with total storage capacity of 2.5 million gallons, one 2,100 gallon pressure tank and a distribution system serving approximately 2,020 metered connections. Staff concludes that the system has adequate production and storage capacity to serve existing customers and reasonable growth.

Sale of Assets

All of NMV water system assets will be transferred to EPCOR – Mohave if the Application is approved.

II. EPCOR – Mohave System

EPCOR-Mohave contains six individual systems, they are Lake Mohave System, Desert Foothill System, Mohave System, Camp Mohave System, Arizona Gateway System and Rio Vista System. Only the Lake Mohave System and the Desert Foothills System will be interconnected to the NMV System. The following table summarizes the EPCOR – Mohave water systems.

System Name	Lake Mohave	Desert Foothills	Mohave	Camp Mohave	Arizona Gateway	Rio Vista ¹
Public Water System ("PWS") #	08-062	08-137	08-032	08-037	08-163	08-333
Total well productions (in gallons per minute)	800	835	8,215	555	335	0
Total storage capacities (in gallons)	373,000	1,000,000	5,832,000	250,000	350,000	0
Does System have adequate production and storage capacities?	Yes	Yes	Yes	Yes	Yes	Yes
# wells in the System	3	3	11	2	2	0
# metered customers in System by December 2012	267	1,059	14,391	77	8	120

Notes: 1. All of the water delivered to customers served by the Rio Vista water system is purchased.

Staff concludes that the EPCOR – Mohave system has adequate production and storage capacity to serve existing customers and reasonable growth.

NON-ACCOUNT WATER

Non-account water should be 10 percent or less. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a company to identify water and revenue losses due to leakage, theft and flushing. The following table shows the non-account water in systems of NMV and EPCOR – Mohave.

System Name	Lake Mohave	Desert Foothills	Mohave	Camp Mohave	Arizona Gateway	Rio Vista ¹	NMV
PWS #	08-062	08-137	08-032	08-037	08-163	08-333	08-068
Non-account water (% water loss) in 2012	9.11	14.49	11.12	4.87	6	0	4.7

In Decision No. 73145, the Commission ordered EPCOR – Mohave to file a water loss reduction plan by March 1, 2013 to determine the most cost-effective approach to address non-revenue water in the Mohave Water District water systems. The EPCOR - Mohave water loss reduction plan is currently being reviewed by Staff.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (“ADEQ”) COMPLIANCE

In recent ADEQ water quality compliance reports, ADEQ reported that both the NMV system and the water systems in EPCOR – Mohave have no major deficiencies and are delivering water that meets water quality standards required by 40 CFR 141 (National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.¹

ARIZONA DEPARTMENT OF WATER RESOURCES (“ADWR”) COMPLIANCE

Neither NMV nor EPCOR-Mohave certificated areas are located within an ADWR Active Management Area (“AMA”). ADWR has determined that both NMV and EPCOR – Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.²

ACC COMPLIANCE

A check of the Utilities Division compliance database indicates that there are currently no delinquent compliance items for either NMV or EPCOR - Mohave.³

TARIFF

1. *Curtailment Tariff*

Both NMV and EPCOR - Mohave have approved Curtailment Tariffs on file with the Commission.

¹ Staff received ADEQ Water Quality Compliance Status Reports dated June 11, June 20 and June 27 of 2013.

² Per ADWR Water Provider Compliance Status Reports dated May 23, 2013 and June 12, 2013.

³ Per Compliance Section email dated June 20, 2013.

2. *Cross Connection & Backflow Tariff*

EPCOR - Mohave has approved Cross Connection & Backflow Tariffs on file with the Commission. Because NMV will not be merged with EPCOR - Mohave immediately if this application is approved, Staff recommends that the EPCOR file with Docket Control, as a compliance item in the docket, a Cross Connection & Backflow Tariff for NMV's certificated area within 30 days of the effective date of the Commission's Decision in this proceeding.

3. *Best Management Practice ("BMP") Tariff*

EPCOR - Mohave has approved BMP Tariffs on file with the Commission. NMV does not have BMP tariffs filed with the Commission. EPCOR - Mohave has stated that it will implement all existing EPCOR - Mohave BMP Tariffs in the NMV service area⁴. Because NMV will not be merged with EPCOR - Mohave immediately if this application is approved, Staff recommends that EPCOR file with Docket Control, as a compliance item in the docket, EPCOR - Mohave's BMP Tariffs for the NMV certificated area within 30 days of the effective date of the Commission's Decision in this proceeding.

INTERCONNECTION

1. *Interconnection Projects*

EPCOR - Mohave proposes interconnections with the NMV system at two different locations. One interconnection will serve NMV customers with the EPCOR - Mohave Lake Mohave system, the second interconnection will serve NMV customers with the EPCOR - Mohave Desert Foothills system. The following table shows the two interconnection projects and the scheduled year of completion:

	Project No.1	Project No.2
System Name in EPCOR - Mohave	Lake Mohave	Desert Foothills
Location (in EPCOR - Mohave)	Pegasus Ranch Rd (south of Ridge Ave)	Ocotillo Ave (west of Eagle Ave)
Location (in NMV)	Intersection of Unicorn Rd and Pegasus Ranch Rd	Intersection of Ventana Dr and Desert Canyon Dr.
Proposed construction schedule	2013	2014

⁴ See response to Staff Data Request #2.2.

2. *Estimated Construction Costs*

A general description and breakdown of the funding required is as follows:

Project item descriptions	Costs (in \$) for Project No.1 ¹	Costs (in \$) for Project No.2
Approximately 550' (8" @ \$65/ft) for Project 1 ²	35,750	
Approximately 1,700' (8" @ \$65/ft) for project 2 ²		110,500
One 8" interconnection meter for Project 1 ³	7,000	
One 8" interconnection meter for Project 2 ³		7,000
Engineering design fee ²	8,000	20,000
Labor, permit fee, etc ²	2,000	5,000
Company overhead & AFUDC ²	5,000	15,000
subtotal	57,750	157,500
10% Contingency cost	5,775	15,750
Total	63,525	173,250

Notes: 1. Staff understands that Project No.1 has been completed.

2. Information is based on EPCOR's June 3, 2013 memo to Staff.

3. Staff recommends that a meter be installed on each interconnection. The meter cost listed in the table was estimated by Staff.

Staff concludes that the proposed projects are appropriate and the cost estimates presented above are reasonable for purposes of this application. No "used and useful" determination of the proposed plants in service is made, and no conclusions should be inferred for rate making or rate base purposes.

PUBLIC INTEREST CONSIDERATION

According to the Application, the transfer of NMV to EPCOR – Mohave will benefit Applicants' customers in several ways and will have no adverse effects. NMV is located adjacent to the EPCOR – Mohave service area. NMV owners have been operating the NMV water company for more than 30 years and are ready to sell their Company. According to the Application EPCOR – Mohave is in the best position to serve NMV's customers efficiently and reliably. Staff concludes that EPCOR – Mohave has adequate technical and managerial skills to effectively operate NMV. EPCOR – Mohave currently serves approximately 16,000 customers. The interconnection projects described above are expected to provide operational efficiencies and improved reliability in the future for the combined systems.

SUMMARY

Conclusions

1. Staff concludes that water systems in both NMV and EPCOR – Mohave have adequate production and storage capacity to serve existing customers and reasonable growth.

2. ADEQ reports that water systems in both NMV and EPCOR – Mohave have no major deficiencies and are delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.
3. Neither NMV nor EPCOR – Mohave are in any of ADWR's AMA areas. ADWR has reported that both NMV and EPCOR – Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.
4. A check of the Utilities Division compliance database indicated that there are currently no delinquent compliance items for either NMV or EPCOR.
5. Staff concludes that EPCOR – Mohave has adequate technical and managerial skills to effectively operate NMV.
6. Staff concludes that the proposed interconnection projects are appropriate and the cost estimates presented above are reasonable for purposes of this application. No "used and useful" determination of the proposed plants in service is made, and no conclusions should be inferred for rate making or rate base purposes.


Recommendations

Staff recommends the following:

1. Staff recommends that the EPCOR file with Docket Control, as a compliance item in the docket, Cross Connection & Backflow Tariff for NMV's certificated area within 30 days of the effective date of the Commission's Decision in this proceeding.
2. Staff recommends that EPCOR file with Docket Control, as a compliance item in the docket, EPCOR – Mohave's BMP Tariffs for the NMV certificated area within 30 days of the effective date of the Commission's Decision in this proceeding.

FINANCIAL AND REGULATORY ANALYSIS MEMORANDUM

TO: Pamela Genung, Executive Consultant

FROM: Mary J. Rimback, Public Utilities Analyst 

DATE: July 16, 2013

RE: JOINT APPLICATION FOR APPROVAL OF SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY FROM NORTH MOHAVE VALLEY CORPORATION TO EPCOR WATER ARIZONA INC. DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138

On May 17, 2013, North Mohave Valley Corporation ("NMV") and EPCOR Water Arizona Inc. ("EPCOR") filed a joint Application with the Arizona Corporation Commission ("Commission") requesting approval pursuant to Arizona Revised Statutes § 40-285 and Arizona Administrative Code R14-2-402 of the Sale of Assets and Transfer of Certificate of Convenience and Necessity ("CC&N") from NMV to EPCOR. On June 11, 2013, NMV and EPCOR docketed the agreement between the two companies pertaining to the transfer.

The Application also requests that the Commission confirm that NMV's rate base as of December 31, 2012, was \$2,137,020 and that the Commission find the additional ten percent of rate base payment to be in the public interest and to approve, in principle, rate recovery of and on this payment to occur in North Mohave's next rate case.

On June 11, 2013, NMV and EPCOR docketed the agreement between the two companies in regard to the transfer. The agreement refers to Purchase Price in Section 3 and a Contingent Purchase Price in Section 3.3.

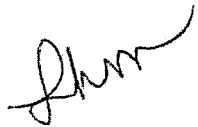
Staff concludes:


- that establishing a rate base value is premature in this proceeding because such a determination is better made in the context of a rate case; accordingly, the request for confirmation that NMV's rate base as of December 31, 2012, was \$2,137,020 should be denied;
- that determination regarding the recovery of the additional ten percent of rate base payment or any other payment is premature and is better determined in the context of a rate case;
- that the proposal to transfer all obligations for customer security deposits to EPCOR is reasonable and should be adopted;

- that the proposal to transfer all obligations pertaining to developer deposits and prepayments to EPCOR is reasonable and should be adopted;
- that the transaction will not impair the ability of EPCOR to provide services in any of its service areas.

MEMORANDUM

TO: Pamela Genung
Executive Consultant III
Utilities Division

FROM: Lori H. Miller 
GIS Technician
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: July 11, 2013

RE: **NORTH MOHAVE VALLEY CORPORATION (DOCKET NO. W-02259A-13-0138)**
EPCOR WATER ARIZONA, INC. (DOCKET NO. WS-01303A-13-0138)
REVISED

This is a revised memo to provide clarification of the service area being transferred from North Mohave Valley Corporation to EPCOR Water Arizona, Inc.

Attached are copies of the maps for your files. Also attached is a written legal description provided by the Company of the area being transferred.

/lhm

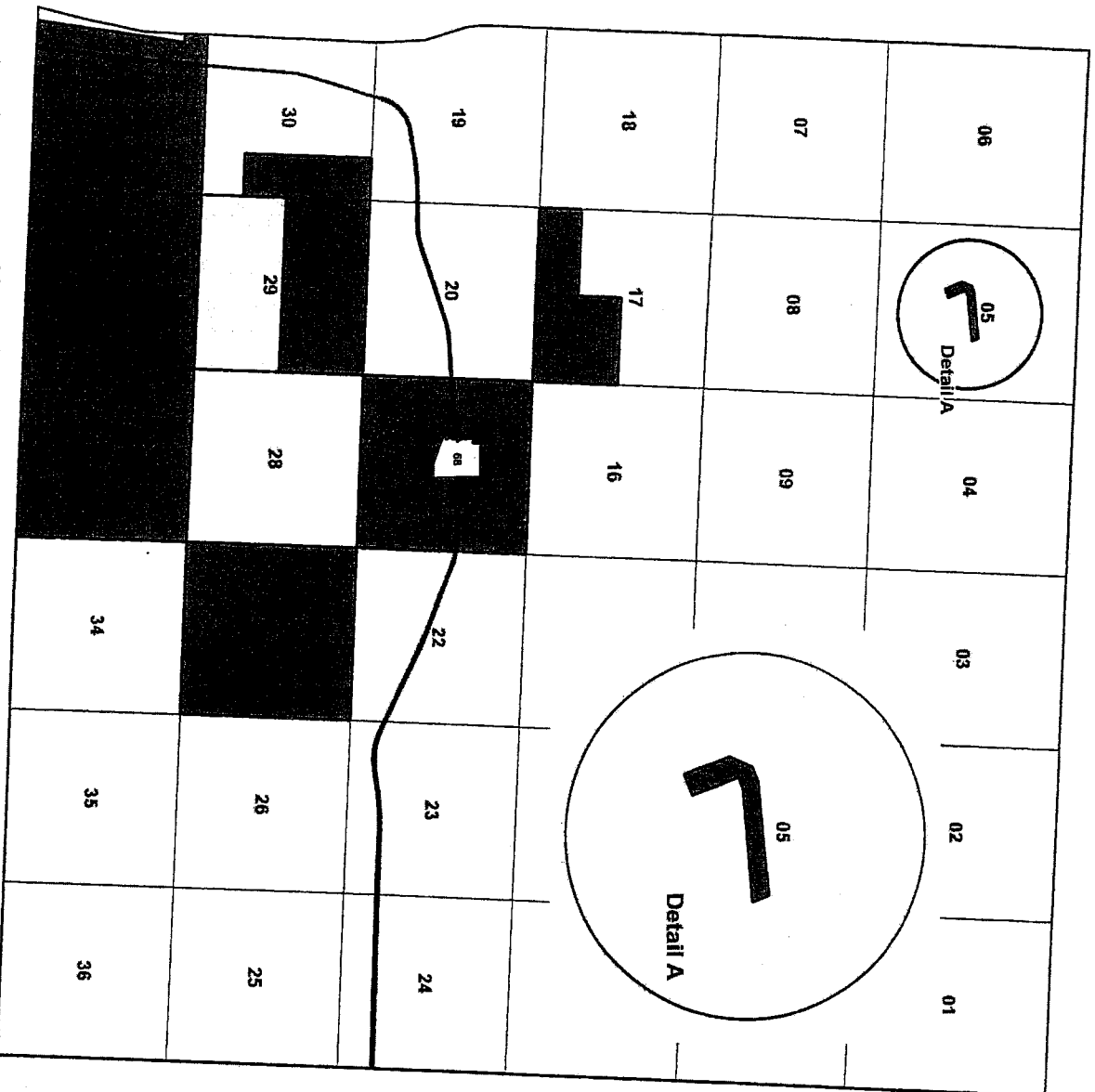
Attachments

cc: Mr. John McCormick
Mr. Tom Broderick
Ms. Dorothy Hains
Ms. Deb Person (Hand Carried)
File

MOHAVE COUNTY

Map No. 18

RANGE 21 West



TOWNSHIP 21 North

WS-01303A (8)(6)

EPCOR Water Arizona, Inc. (Lake Mohave)

W-01751A (1)

Katherine Resort Water Company

W-02259A (1)



North Mohave Valley Corporation

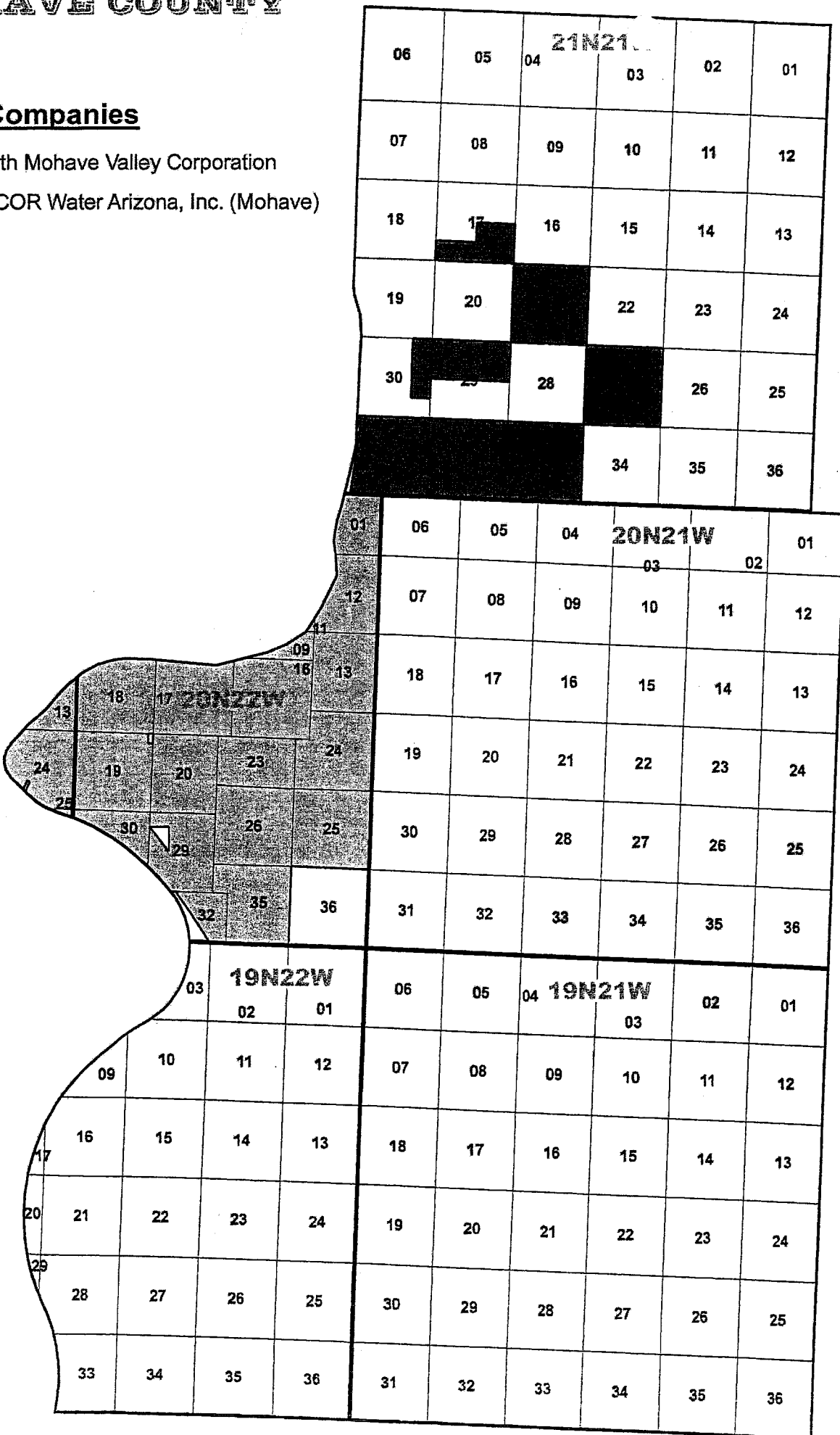
(1)

North Mohave Valley Corporation
Docket No. W-02259A-13-0138
Transfer to EPCOR Water Arizona, Inc.
Docket No. WS-01303A-13-0138

MOHAVE COUNTY

Water Companies

-  North Mohave Valley Corporation
-  EPCOR Water Arizona, Inc. (Mohave)



**NORTH MOHAVE VALLEY CORPORATION
CERTIFICATE OF CONVENIENCE AND NECESSITY
SERVICE AREA**

NORTH MOHAVE VALLEY CORPORATION'S CERTIFICATE OF CONVENIENCE AND NECESSITY SERVICE AREA INCLUDES THE FOLLOWING AREAS OF LAND LOCATED IN MOHAVE COUNTY, ARIZONA MORE PARTICULARLY DESCRIBED AS:

THE SOUTHEAST QUARTER AND THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 17;

ALL OF SECTION 21;

ALL OF SECTION 27;

THE NORTH HALF OF SECTION 29;

THE EAST HALF OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30;

ALL OF SECTION 31;

ALL OF SECTION 32;

AND

ALL OF SECTION 33,

TOWNSHIP 21 NORTH, RANGE 21 WEST OF THE GILA AND SALT RIVER MERIDIAN.

LEGAL NUMBER 1815

06-10-13

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PAGE 1 OF 1

MOHAVE COUNTY

Water Companies

-  North Mohave Valley Corporation
-  EPCOR Water Arizona, Inc. (Camp Mohave)
-  EPCOR Water Arizona, Inc. (DesertFoot)
-  EPCOR Water Arizona, Inc. (Lake Mohave)
-  EPCOR Water Arizona, Inc. (Mohave)

